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REPARATION COMMISSION.

Publications

V.

REPORT

On the Work of the Reparation Commission from 1920 to 1922.

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PREFACE.

The present Report is published in accordance with a decision of the Reparation Commission. It has been drawn up by the General Secretary, who is responsible for its form and contents, but has had regard to the observations offered by a Publication Committee, on which the principal Delegations of the Commission are represented.

An effort is herein made to give the public an objective account of the principal questions which have engaged the Commission's attention since its institution, and to provide in the Appendices a certain amount of statistical information which may, in varying degrees, be of import to persons interested in special problems within the purview of the Reparation Commission. Inevitably, the material to be treated has to some extent been selected. The selection actually effected will, it is to be hoped, not have operated to exclude from the scope of the Report any material of general interest which can legitimately and usefully be published at the present time.

It has not been found convenient to attempt to synchronize the various chapters with any exactness. The drafting of the Report has been spread over many months; the choice of a rigid date beyond which the history of the questions should not be carried would necessarily have been governed by the date at which the work was begun, and the result would have been to exclude from the later chapters statistical information of interest and already available for publication.

ANDREW MCFADYEAN,
General Secretary.

CHAPTER I.

DUTIES AND ORGANISATION.

The main duty of the Reparation Commission, set up under Part VIII of the Treaty of Versailles, is the administration of that chapter, and it is in every way probable and natural that the multifarious other duties imposed upon the Commission have escaped the cognizance of the general public. The Commission is not only responsible, in addition, for the administration of the reparation chapters of the Treaty of St. Germain with Austria, the Treaty of Trianon with Hungary, and (though in less degree) the Treaty of Neuilly with Bulgaria; it has also under each of these Treaties a very large number of financial and administrative tasks to perform, some of which are of great delicacy and complication and which, in the aggregate, have demanded a very large share of time and energy.

Nor do its duties end with those specifically entrusted to it by the Treaties. The Commission is the one body of Inter-Allied character instituted for an extended period by the Treaties of Peace. The Governments have therefore found it expedient to charge the Commission from time to time with the duty of discussing and determining matters which, though not strictly within its competence, are at least cognate to its chief functions. It has, for instance, been the agent of the Allied Powers for the administration of those portions of the financial chapters of the Treaties not specifically entrusted to it. It has again, at the request of the Allied Powers, undertaken the sale and dissipation of the enormous stocks of German military, naval and aeronautical war material surrendered in Germany to the Commissions of Control to be destroyed or rendered useless. It has necessarily been in more or less close contact with the work of other organisations responsible for the administration of the Treaty and chiefly with the Conference of Ambassadors, the Inter-Allied Rhineland High Commission and the various Commissions of Control. It has necessarily taken an interest on various occasions in the reaction on Germany's economic and financial position, and thus on reparation, of the fulfilment or non-fulfilment of the stipulations contained in the Economic Clauses, and in particular of the provisions for the liquidation of pre-war debts between German and Allied nationals and the settlement of claims arising out of war legislation for the sequestration of private property.

Some of the more important tasks entrusted to the Commission will be dealt with in sufficient detail in the ensuing chapters of this Report, and a list of the most important duties directly imposed

upon the Commission by the German and Austrian Treaties will be found enumerated in Appendix I.* Some understanding of these duties is necessary in order that the reader may appreciate the character of the organisation set up to perform them, and it is therefore perhaps useful briefly to indicate those of greatest importance

The reparation chapter itself (Part VIII) and its annexes required the valuation by the Commission of all the damages inflicted by Germany and her allies which fall within the 10 categories of the first Annex to the chapter, the notification to Germany of the finding, and the drawing up of a schedule for the discharge of Germany's obligations within a period of 30 years. Pending the establishment of the total, Germany was made responsible for the payment of 20 milliard gold marks on account.

The Reparation Commission was specifically entrusted with the duty of laying down procedure for the restitution of cash, animals, objects of every nature and securities taken, seized or sequestrated, in cases in which it proved possible to identify them in territory belonging to Germany or her allies. In practice the duty of laying down the procedure has involved an extensive and complicated work of administration.

Provision was made for large deliveries in kind by Germany. One Annex to the reparation chapter provides for the surrender of practically the whole of the German merchant fleet: another for the delivery by Germany of all kinds of supplies required for the reconstruction of the devastated regions; another for the delivery of coal and derivatives of coal; another for the supply of dye-stuffs and pharmaceutical products; and the last—of comparatively little importance from the point of view of the labour involved—for the surrender of certain German cables.

One or two instances from the financial clauses of the Treaties will serve to indicate the nature of the duties imposed upon the Commission, which in some cases involve only indirectly, and in some not at all, the collection of reparation.

Under Articles 254 and 256 of the Treaty of Versailles, the Reparation Commission is responsible for deciding the proportion of German pre-war public debt to be taken over by Powers to which German territory was ceded, and for valuing the State properties in these territories.

Under the Treaties of St. Germain and Trianon, the Reparation Commission is responsible for the appointment of persons to conduct the liquidation of the Austro-Hungarian Bank, and is given a power of arbitration in the event of doubt arising as to the rules governing the liquidation. In practice, while the power of arbitration has been rarely invoked, the Commission has necessarily had to concern

* *See* page 172. The duties imposed upon the Commission by the Hungarian Treaty are almost exactly similar to those imposed by the Austrian Treaty.

itself with many of the important questions of principle and procedure inevitably involved in the liquidation of what was before the war one of the premier central banking institutions of the world. It is the intention of the Commission to issue a separate Report on the liquidation of this Bank when completed.

Again, the Commission is responsible for the distribution of the pre-war Austrian and Hungarian debts among the various Powers, including new Austria and new Hungary, which contain within their boundaries portions of the old Austro-Hungarian Empire. On this aspect of the Commission's labours, also, it is hoped to issue a separate Report at a later date.

A word should be added as to the nature of the Commission's duties under the Treaty of Neuilly with Bulgaria. This Treaty provides for the establishment at Sofia of an Inter-Allied Commission composed of representatives of Great Britain, France and Italy, which, unlike the Austrian and Hungarian Sections set up by the Treaties of St. Germain and Trianon, has distinct and autonomous powers. At the same time, this Treaty does contemplate the intervention of the Reparation Commission in certain cases, and thus the Reparation Commission and the Sofia Commission, soon after the latter had been set up, drew up in agreement a document which defines their relation and which will be found in Appendix II.*

It will be observed that this document confirms the independence of the Inter-Allied Commission of Bulgaria and limits the scope of the Reparation Commission's intervention in Bulgarian affairs to an indispensable minimum, with the double object of conforming with the Treaty itself and at the same time securing consistent treatment of Reparation problems which are not special to Bulgaria.

The Reparation Commission formally came into existence on the ratification of the Treaty of Versailles on the 10th January, 1920. Its history really begins, however, some months earlier with the institution by the Peace Conference of the Organisation Committee of the Reparation Commission. The original members of this Committee were drawn from the staffs of the various Delegations to the Peace Conference, under the Chairmanship of M. Loucheur, Minister of the Liberated Regions. In the course of its existence its membership gradually changed until, in fact, it became almost identical with that of the Reparation Commission at its institution.

Its functions were two-fold. In the first place, it had to draw up a scheme of organisation which would enable the Commission itself to be in working order with the minimum of delay. The study of this subject was so far advanced that at its first meeting

* *See* page 177.

the Reparation Commission was enabled to lay down the general lines of its organisation. In substance this organisation, while submitting to the modifications naturally imported in the process of evolution, has remained intact.

In the second place the Organisation Committee made a preliminary study of some of the questions which the Commission would be called upon to deal with at an early date and treated a large number of questions arising from day to day which would affect the work of the Reparation Commission; in some cases, by agreement with the German Government, it arranged for the bringing into operation of reparation provisions in anticipation of the coming into force of the Treaty, notably in the case of coal deliveries.

The problem of organisation was inevitably a novel one. The Treaty goes no further than to provide for the appointment of Delegates and Assistant Delegates to represent the United States of America, Great Britain, France, Italy, Japan, Belgium and the Serb-Croat-Slovene State, the representatives of Japan and the Serb-Croat-Slovene State having the right of attendance only in certain defined cases in which they replace the Belgian representative, for the appointment of Assessor Delegates to represent the other Allied and Associated Powers when their respective claims and interests are under examination or discussion, for the constitution of the principal permanent bureau of the Commission in Paris, and for certain fundamental rules governing the discussions of the Comsion and its methods of voting. The main problem of organisation was untouched. The Commission was called upon to construct a machine for which no pattern existed to enable it to carry out its manifold duties.

The Commission was primarily Inter-Allied in character, and, as such, responsible for safeguarding the respective interests of the various Allied Powers represented upon it, interests which were at times inevitably conflicting. At the same time it was responsible in some degree for administering justice as between the Allies on the one hand and the ex-Enemy Powers on the other, and in particular it was required to give judicial decisions, acting in the independence of its own judgment, on questions such as the amount of damage for which Germany was responsible, which closely affected not only the finances, but the political interests of all the Powers immediately concerned, and the economic welfare of the world as a whole.

It had been vested, moreover, with one judicial function of a specially difficult and delicate character; it is the interpreter, against whom there is no appeal, of the provisions of the reparation chapter of the Treaty.

The intricacies of the administrative work will sufficiently appear from the enumeration of the duties contained in Appendix I† to which reference is made above. No words are needed to indicate the responsibility devolving upon the Commission in its judicial task of estimating Germany's liabilities and in its economic task of adjusting the resulting burden to Germany's capacity. The succeeding chapters of this Report will show to what extent this economic responsibility was shared in the course of events with the Governments.

A word, however, may usefully be added here as to the peculiar difficulties presented by the problem of interpretation. It was natural that there should be textual obscurities in the Treaty. In such a document as the Treaty of Versailles, it would have been impossible to guard against the occurrence of those purely textual difficulties which occur daily in the simplest legal documents and which are only discovered in the process of execution. The Reparation Commission, while it has power to interpret the provisions of its own chapter, has no power to interpret clauses of the Treaty outside that chapter which it is called upon to administer, such as, for instance, Article 260. It has two texts, a French and an English one, which are of equal validity*, but in many cases—not always trivial ones—exhibit no exact correspondence. Finally, a formal interpretation of the Treaty must be unanimously accepted by the Commission, and, in the absence of unanimity, a deadlock is reached, for which the Treaty in its original form provided no solution, though a later amendment to Annex II to the Treaty of Versailles provides for arbitration (only, however, by the unanimous consent of the Governments concerned) in cases where unanimity in the Commission cannot be achieved.‡

There had been war-time organisations of an Inter-Allied character. They furnished, however, little guidance for the construction of the Reparation Commission. As a rule, their duties were comparatively circumscribed and comparatively lacking in complexity. The personnel was restricted and, under the pressure of war needs, quickly acquired the power to adapt a purely national outlook to Allied exigencies. There was, on the whole, no great room for divergence as to the means of obtaining the limited end in view, or as to the necessity of obtaining this limited end in the light of the supreme aim—the successful prosecution of the war.

The Commission had a multitude of duties to perform, which necessarily brought the interests of the Powers represented on the Commission into conflict. One of the aims which therefore naturally presented itself to the Commission was to build up an organisation which should at once be an effective machine for executive work and should carry the process of reconciling divergent

* This is only true of the Treaty of Versailles; the French text of the other Treaties prevails.

† *See* p. 172

‡ *See* Note. Page 13

interests to the furthest extent possible before questions were submitted to the Commission itself. It was sought to attain this object by the institution of three executive Services, each presided over by a Board of five members, one drawn from each of the Powers ordinarily represented on the Commission, including the United States of America, which has, except for the short period between 19th February, 1921, and 10th May, 1921, maintained an unofficial Delegation. The members of the Board are specifically intended to have dual functions—they are national in character in that they depend upon and are responsible to their delegates, they are Inter-Allied in character in that they are responsible to the Commission as a whole for the execution of its decisions and the normal working of the Treaty.

The three main Services presided over by Boards were the Finance Service, the Service of Restitution and Reparation in Kind, and the Maritime Service. The last named had its office in London and, on the conclusion of its main work, was liquidated on 31st August, 1921. A Valuation Service, also presided over by a Board, terminated its work and was disbanded on the 1st May, 1921. A Legal Service consisting of five jurists, one from each of the main Delegations, was constituted to advise the Commission. Two other Services, the Accounting Service and the Intelligence Service, were set up without Boards, each being under the management of a Director.

The staff of the Services is purely Inter-Allied in character and made up indifferently of nationals of the various countries represented on the Commission.

The Secretariat of the Commission is Inter-Allied in character. It is responsible in general for the smooth working of the whole machine, and in particular for all questions of " matériel." In collaboration with the secretaries of the National Delegations, it deals with all questions relating to personnel, it is responsible for the agenda of the Commission and, in general terms, for supervising the execution of the Commission's decisions, and for maintaining a proper liaison between the various Services.

On the purely national side, each Delegation has a secretary and such staff as the delegate satisfies the Commission he requires for the proper conduct of his country's business with the Commission.

From the institution of the Commission until the present date, the Chairman of the Commission has been the French Delegate, and the General Secretary of the Commission an officer of British nationality. In Appendix III* will be found the names of the delegates, assistant delegates, secretaries and members of managing boards from the coming into force of the Treaty until the present date.

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* *See* page 180.

CHAPTER II.

ARTICLE 235.—PAYMENTS UP TO 1st MAY, 1921.

During the period ending on the 30th April, 1921, the Commission had two main tasks to perform. It had to establish the total of the damages inflicted by Germany, and the manner in which it accomplished this duty will be dealt with in Chapter III. Secondly, it was responsible, under the terms of Article 235 of the Treaty, for the collection, as a first instalment of the reparation due by Germany, of cash and commodities to the value of 20,000,000,000 gold marks. It is of the execution of Article 235 which this chapter will attempt to treat.

The texts of Article 235 are as follows :

" In order to enable the Allied and Associated Powers to proceed at once to the restoration of their industrial and economic life, pending the full determination of their claims, Germany shall pay in such instalments and in such manner (whether in gold, commodities, ships, securities or otherwise) as the Reparation Commission may fix, during 1919, 1920 and the first four months of 1921, the equivalent of 20,000,000,000 gold marks. Out of this sum the expenses of the armies of occupation subsequent to the Armistice of 11th November, 1918, shall first be met, and such supplies of food and raw materials as may be judged by the Governments of the Principal Allied and Associated Powers to be essential to enable Germany to meet her obligations for reparation may also, with the approval of the said Governments, be paid for out of the above sum. The balance shall be reckoned towards liquidation of the amounts due for reparation. Germany shall further deposit bonds as prescribed in paragraph 12 (*c*) of Annex II hereto."

" Afin de permettre aux Puissances Alliées et Associées d'entreprendre dès maintenant la restauration de leur vie industrielle et économique, en attendant la fixation définitive du montant de leurs réclamations, l'Allemagne payera, pendant les années 1919 et 1920 et les quatre premiers mois de 1921, en autant de versements et suivant telles modalités (en or, en marchandises, en navires, en valeurs ou autrement) que la Commission des Réparations pourra fixer, l'équivalent de 20,000,000,000 (vingt milliards) marks or à valoir sur les créances ci-dessus; sur cette somme les frais de l'armée d'occupation après l'Armistice du 11 novembre 1918 seront d'abord payés, et telles quantités de produits alimentaires et de matières premières, qui pourront être jugées, par les

> Gouvernements des Principales Puissances Alliées et Associées, nécessaires pour permettre à l'Allemagne de faire face à son obligation de réparer, pourront aussi, avec l'approbation desdits Gouvernements, être payées par imputation sur ladite somme. Le solde viendra en déduction des sommes dues par l'Allemagne à titre de réparations. L'Allemagne remettra en outre les bons prescrits au paragraphe 12 (*c*) de l'Annexe II ci-jointe."

In view of not infrequent differences, it is useful in quoting the Treaty to cite the two texts, which are equally authentic. In this particular case, the words " à valoir sur les créances ci-dessus " have no place in the English text. The application of this provision gave rise to a number of very serious difficulties.

The first difficulty emerged in the days of the Organisation Committee before the coming into force of the Treaty. It arose out of a consideration of the use to which Germany might put her remaining foreign securities—at that time her most liquid form of wealth. There was more than one stipulation of the Treaty which affected these foreign securities. In the first place, Article 297 made the property of German nationals within the territory, or under the control of an Allied country, available for the compensation of damages to Allied property in Germany, and, thanks to this measure, Germany was virtually dispossessed of all her holdings of securities issued in the countries which had been engaged in the war. Secondly, under Article 260, the Reparation Commission could demand the transfer of " any rights and interests of German nationals in any public utility undertaking, or in any concession operating in Russia, China, Turkey, Austria, Hungary and Bulgaria, or in the possessions or dependencies of these States, or in any territory formerly belonging to Germany or her allies, to be ceded by Germany or her allies to any Power or to be administered by a mandatory " under the Treaty.*

These two provisions together affected a considerable proportion of the foreign securities held by Germany, and, further, a proportion of the balance was being sold, with the approval of the Allies, for the purpose of supplying Germany with the food and raw materials necessary to her economic life. After making the necessary deductions, however, there remained a certain amount of securities which did not fall within the scope of either of the two above Articles. They constituted the most suitable form of wealth either for the further supply of Germany with her necessary requirements, or for the payment of reparation. This form of wealth was, on the other hand, easily transferable and, therefore, easily dissipated, more especially since it was to be supposed that the restrictions in force in Allied countries during the war upon the sale of securities which had been in German hands since the outbreak of war would shortly be relaxed or removed. The Organisation

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* *See* Chapter IV., page 51.

Committee was therefore naturally led to raise the question whether Article 235, the third important provision of the Treaty affecting securities held by Germany, gave it the necessary power to prevent their dissipation, or to demand them on reparation account.

The essential difficulty was to ascertain whether the Reparation Commission had the right to require Germany to hand over, in addition to payments and deliveries she was to make under other provisions of the Treaty, securities in full or part settlement of the 20,000,000,000 gold marks. The question arose whether the Treaty, when it contemplated deliveries of commodities, ships or securities under Article 235, meant to do more than refer to Article 260 in the case of securities, Annex III in the case of ships, and Annex IV in the case of commodities, the deliveries provided for by these clauses of the Treaty having to be credited to Germany under Article 235. The question was referred to the Organisation Committee's legal advisers, and the Commission, on taking up the question soon after its constitution, found itself faced with a majority and minority opinion from its advisers.

The majority opinion advised that Article 235 gave to the Commission full power to call for securities, leaving it to the German Government to take whatever steps might be necessary to supply itself with the securities demanded. It effected a clear distinction between the obligation of Germany to make a payment of 20,000,000,000 marks before the 1st May, 1921, and its obligation, as laid down in Article 236, to effect delivery of certain specified commodities, or its obligation, under Article 260, to deliver certain specified types of security. The texts of Article 236 read as follows :

> " Germany further agrees to the direct application of her economic resources to reparation as specified in Annexes III, IV, V and VI, relating respectively to merchant shipping, to physical restoration, to coal and derivatives of coal, and to dye-stuffs and other chemical products; provided always that the value of the property transferred and any services rendered by her under these Annexes, assessed in the manner therein prescribed, shall be credited to her towards liquidation of her obligations under the above Articles."
>
> " L'Allemagne accepte, en outre, que ses ressources économiques soient directement affectées aux réparations, comme il est spécifié aux Annexes III, IV, V et VI, relatives respectivement à la marine marchande, aux restaurations matérielles, au charbon et à ses dérivés, aux matières colorantes et autres produits chimiques; étant toujours entendu que la valeur des biens transférés et de l'utilisation qui en sera faite conformément auxdites Annexes sera, après avoir été fixée de la manière qui y est prescrite, portée au crédit de l'Allemagne et viendra en déduction des obligations prévues aux articles ci-dessus "

The minority opinion was opposed on all the above points to the majority. It held, in particular, that the value of the deliveries in kind was clearly carried to the credit of Germany on account of the 20,000,000,000 marks, in virtue of the concluding words of Article 236, which stipulate that the value of deliveries and services under the Annexes " shall be credited to her towards liquidation of her obligations under the above Articles," *i.e.*, *inter alia* under Article 235. It urged that it was not possible to believe that when Germany was specifically obliged to deliver all her merchant tonnage of 1,600 tons gross and upwards, and half of the merchant tonnage between 1,000 and 1,600 tons gross, the use of the term " ships " in Article 235 empowered the Reparation Commission to require the delivery of ships additional to those specified. If this were conceded, a similar conclusion must be drawn as regards the significance of the word " securities " in Article 235.

It is not possible to do justice in a very condensed summary to either of the views put forward in this important controversy, and it has therefore seemed desirable to publish as appendices important extracts from both the opinions.*

The difference of opinion disclosed in the Legal Service of the Commission was reproduced in the Commission itself. The question was one of interpretation, and, under the Treaty, the terms of which had not yet been modified, as they were later by the insertion of an arbitration clause,† unanimity was necessary for interpretation. Consequently the Commission could not interpret the Treaty either as giving them the right to demand that Germany should hand over securities not specifically affected by the Treaty to other purposes, nor as requiring Germany to pay 20,000,000,000 gold marks in excess of deliveries in kind.

For the moment, the Commission escaped from the embarrassment created by the difficulty of interpretation by informing the German Government that, in its opinion, it was absolutely necessary, if Article 235 was to be executed, and especially if Germany was to obtain the sums necessary for her supplies, to use all neutral securities in the possession of the German Government, States and nationals, with the exception of those falling under the provisions of other Articles of the Treaty. The Commission therefore declared that it would consent to no sum of money being deducted from the 20,000,000,000 gold marks in order to pay for

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* *See* Appendix IV, page 182 and Appendix V, page 184.

† " In case of differences of opinion between the Delegates on the interpretation of the stipulations of this part of the present Treaty, the question will be submitted by the unanimous agreement of the Delegates to arbitration. The Arbitrator will be selected unanimously by all the Delegates or in default of unanimity will be nominated by the Council of the League of Nations. The finding of the Arbitrator will be binding on all the interested parties " (para. 13 bis of Annex II to Part VIII).

supplies, unless the German Government should immediately take all the steps necessary to acquire the securities in question and apply them to meeting German requirements. The German Government soon replied that, while it was willing to fall in with the Commission's wishes, in the event of insistence upon them, it thought it could show reasons for not adopting this course, in view of the experience which had been gained since the Armistice and the comparative insufficiency of securities readily realisable remaining in German hands. To this the Commission replied that it maintained its previous view, but that any fuller statement of the objections which the German Government might wish to make would be heard by the Commission's Finance Service, which did, in fact, continue for many months to interest itself in the use to which Germany was putting her remaining securities.

At the same time the Commission addressed a letter to the German Government requesting to be informed as early as possible how it proposed to carry out Article 235.

It was at this juncture that the Allied Governments, at Conferences held at London (February-March, 1920), Boulogne (21st-22nd June, 1920) and later at Spa (5th-16th July, 1920) endeavoured to find a reparation settlement along lines other than those laid down by the Treaty of Versailles, and consequently outside the Reparation Commission.

The underlying problem of reparation was not solved at these Conferences, but was referred to a Conference of Ministers, which was to have met at Geneva but, in fact, never did meet, though a Conference of experts was called together at Brussels in December.

These successive meetings aimed at a general solution which would have circumvented the difficulties attending the execution of Article 235. In the autumn of 1920, however, it became clear that if attempts in other quarters to reach a solution of the general problem of reparation broke down, the Commission might find itself in a position where it had to fulfil its strict Treaty duties with all too little time in which to perform them. It was, moreover, necessary to deal faithfully with the claim advanced at Spa by Germany, who maintained that all payments, deliveries and cessions figuring on the reparation account were also to be credited to her under Article 235, and presented an excessive valuation of these payments, deliveries and cessions (which, on certain points, was later not upheld by the German Government itself), thus claiming to have paid the whole of the 20,000,000,000 gold marks required of her before the 1st May, 1921. The Commission had therefore to face the tasks of deciding what counted towards this payment and of forming an estimate on the basis thus adopted of the payments to date. The estimate was necessarily approximate, because, for one reason or another, a valuation of several items which entered into the account could not be finally established.

A special Sub-Committee of three Delegates was constituted to study the problems involved and arrive at conclusions which the Commission could adopt as its own. While this Sub-Committee was engaged in its investigations, the German Government submitted a memorandum showing the deliveries effected under the Peace Treaty and Armistice Agreements which, in the opinion of the German Government, were to be credited to it on reparation account (not, be it observed, on account of Article 235).

The following table summarises the valuations contained in this memorandum :

Description of the obligations.	Value in marks gold.
GROUP A.	
Deliveries in kind of the Prussian Mines Administration.	199,284
Railway Carriage Park in the surrendered territories.	245,632,430
Railway Rolling Stock	1,589,625,000
Spare Parts for Railway vehicles	3,097,000
Agricultural Machines (Poena Delivery)	28,938,966
Merchant Marine	7,310,302,824
Industrial Machines, etc., for Reconstruction ...	966,330
Animals	237,545,913
Coal and Coke...	655,957,300
Ammonia	2,851,204
Dyestuffs and Chemical-pharmaceutical products...	225,525,008
TOTAL A	10,300,641,259
GROUP B	
Saar Mines	1,056,947,000
Imperial and State Property	4,481,552,938
Value of the five surrendered railway bridges over the Rhine, insofar as they did not belong to the former Imperial Territory of Alsace-Lorraine.	8,582,350
Oversea cables	85,418,979
Property abandoned in the withdrawal of the troops.	2,497,790,000
TOTAL B	8,130,291,267
GROUP C.	
Expenses which, in accordance with Article 235 of the Peace Treaty, may be paid out of the first 20 milliard gold marks.	
Import of Food and Raw Materials	2,249,311,746
Occupation of the Rhine Territories	450,000,000
Inter-Allied Commissions	40,152,300
TOTAL C...	2,739,464,046

A reply was despatched on the 26th February, 1921, in the following terms:

"The Reparation Commission has had under consideration the 'summary of the deliveries effected and conditions executed by the German Empire, in accordance with the Peace Treaty and Conventions which preceded it, for which allowance is to be made to Germany on account of its reparation obligations,' which was transmitted on 20th January, 1921.

"The Commission is not at present in a position to communicate its final judgment in respect of either the admissibility or the amount of the several items for which a claim for credit is made, and in any event a precise valuation of all deliveries made up to the 30th April, 1921, is, in the nature of the case, impossible before that date.

"In view, however, of the liability of Germany under Article 235 of the Treaty to pay 20 milliard of gold marks, under the conditions specified in that Article, before the 1st May, 1921, the Commission considers it desirable to make this communication.

"The Commission is advised that as the object of the payment of 20 milliards under Article 235 is to enable the Allied and Associated Powers to proceed *at once* to the restoration of their industrial and economic life, only such deliveries as are capable of being put into liquid form, and therefore useful for the above purpose, can be admitted as a credit to Germany under this Article.

"While, therefore, the Commission makes every reserve on the admissibility and amount of the items included in the German note but not mentioned below, it has come to the conclusion that the following items can in no case be admitted as credits to Germany, against the 20 milliards mentioned in Article 235, since they do not represent assets which are either liquid or capable of being made liquid in the near future:

Items.	Amount of German Valuation. (Gold marks.)
(1) Capital value of the Saar Mines	1,056,947,000
(2) Value of property in ceded territories ...	4,481,552,938
(3) Value of five surrendered railway bridges	8,582,350

"The proportion (under (2) above) of the value of property in ceded territories which could be realised in liquid form before 1st May, 1921—*e.g.*, the case of Denmark—is insignificant.

"Further, it is observed that two items—Group A, No. VI, Merchant Marine, and Group B, No. V, Abandoned Property—together amount to nearly 10 milliard gold marks. On the information at present in the possession of the Commission, the sums properly to be credited under these heads together do not appear to amount to more than one milliard gold marks.

" But even if double this value were assigned to these two items and if the German figures were admitted in full for the other items, and if credit were allowed for the full amounts expended by Germany on the Armies of Occupation and on food even without prior authorisation, there would remain a balance of over 12 milliards still unpaid in respect of the 20 milliards mentioned in Article 235.

" The Commission desire therefore to make it clear to the German Government that the final account under Article 235 could not, in present conditions, fail to reveal a deficit of at least 12 milliards. Before communicating their decision under that Article they request the German Government to transmit any observations as to the manner in which the German obligation will be discharged.

" The Commission desire to add that they are proceeding with the detailed consideration of prices and values for the purpose of the general reparation account, and that it must be understood that this communication relates solely to the discharge of the German obligations under Article 235."

It will be observed that in this letter the problem of interpretation receives a practical solution and that the question of the execution by Germany of Article 235, which had been dormant since March, 1920, is once more raised.

On the 14th March, 1921, the German Government replied that, in effect, it remained of opinion that it had already discharged the obligation incumbent upon it under Article 235, disputing both the principles laid down in the Commission's letter of the 26th February and the valuations adopted.

Apart from the motives which had inspired the Reparation Commission's previous letters, there was some reason to suppose that Germany was not entirely barren of resources in foreign exchange. The Commission, therefore, on the 15th March, addressed to the German Government a letter which, after rehearsing the previous history of the question as recounted in this chapter, proceeded as follows :

" The reply of the German Government to our letter of 26th February did not reach us until yesterday, 14th March, and this only after an urgent reminder.

" In this reply, which gives to Article 235 and paragraph 12, Annex II, Part VIII of the Treaty of Versailles an interpretation upon which the Reparation Commission makes all reservations, the German Government states that it considers " that it has fulfilled its obligations under the terms of Article 235."

" This constitutes a refusal.

" Under these conditions we must recall to you most formally the obligation on Germany's part to pay, before 1st May, 1921, the balance of the 20 milliard gold marks referred to in Article 235, that is at least 12 milliard either in gold, or in foreign currencies according to the rate of exchange of the dollar on the day of settlement.

" Before 23rd March, 1921, *at the latest without fail* the German Government must pay a first instalment of one milliard gold marks, to be deducted from the 12 millard still due.

" This payment shall be effected :

" In French francs, to be paid to the account of the Commission at the Banque de France;

" In pounds sterling, to be paid to the account of the Commission at the Bank of England; or

" In dollars, to be paid to the account of the Commission at the Federal Reserve Bank of New York.

" The payment may be divided among these various currencies as the German Government sees fit.

" The rate of exchange will be calculated on the day of payment according to the rate of the dollar at New York.

" Before determining the dates and methods of the payment of subsequent instalments by which Germany is to fulfil the rest of her obligations, the Commission will be willing to consider any proposals that the German Government may submit before *1st April*, 1921, at the latest, in regard to the partial substitution of the delivery of commodities or the transfer of foreign or German personal securities for the payments in gold or foreign currencies.

" In order to pay the remainder of the debt due under the terms of Article 235, the German Government might also, within the same period, submit to the Reparation Commission proposals for a foreign loan, the proceeds of which would be paid to the Commission."

On the 22nd March the German Government replied maintaining its views that its duty under Article 235 had already been performed, and continued as follows :

" Moreover, the German Government again calls attention to the fact that Germany will have to make good any possible deficit on 1st May, 1921, by the exchange of bonds specified in sub-paragraph 1, paragraph 12 *c*, Annex II to Part VIII of the Peace Treaty, against Treasury bonds bearing interest and similar to those referred to in sub-paragraph 2 paragraph 12 *c*, Annex II to Part VIII of the Peace Treaty. These provisions of the Treaty should be all the more applicable since in the present case the impossibility of making the required payment by 1st May, 1921, is very obvious.

" The German Government, therefore, asks that a possible deficit, to be determined by a thorough examination of the payments and deliveries in kind already effected, be considered in conformity with the above provisions.

" In order to determine the question of the execution of the obligations prescribed by Article 235 promptly and definitively, the German Government proposes an immediate hearing of the Kriegslastenkommission by the Reparation Commission in regard to the valuation of the payments and deliveries in kind made up to the present, pursuant to the Memorandum submitted by the

German Government. The German Government is willing at once to send competent representatives or experts to Paris to deal with this question.

"If it were found that the terms of Article 235 had not been carried out in full, the German Government would also be willing to enter into negotiations in regard to the issue of a foreign loan. It is, however, of opinion that such a loan could not be discussed solely in connection with the execution of Article 235, but merely in connection with the entire question of reparation."

The Commission's rejoinder sent on the 24th March was couched in the following terms:

"We have received your letter of 22nd March, 1921, in reply to our letter of the 15th instant.

"In reply to this letter the Reparation Commission has the honour to observe:

"1. That under the terms of the Treaty of Versailles the Reparation Commission is alone competent to value the deliveries and payments made by Germany.

"2. That the Reparation Commission, by the same Treaty, has authority to determine which of the deliveries hitherto made can be credited towards the 20 milliard gold marks due under Article 235.

"3. That neither paragraph 9 nor paragraph 10 of Annex II to Part VIII with respect to any hearing of the representatives of the German Government as to Germany's capacity to pay, and as to claims for damages, imposes on the Reparation Commission an obligation to hear the German Government as to the conditions in which any given deliveries may be credited towards the 20 milliards due under Article 235 or as to their valuation.

"In order not to hinder the economic revival of Germany, the Reparation Commission has postponed action as long as possible in the conviction that, after the exchange of correspondence which had taken place, the German Government would have taken the necessary steps to discharge faithfully the obligations imposed by Article 235. It was not until the Reparation Commission realised that the German Government had no such intention, that it had recourse to the formal stipulations of the Treaty and claimed from Germany the payment, before 1st May, 1921, of the 12 milliard gold marks still due, one milliard to be paid by the 23rd instant.

"In making its demand for the payments of one milliard gold marks by the 23rd March, the Commission was satisfied that Germany was in possession of sufficient assets to make such payment. As regards the further payments, the Commission, anxious that the spirit of fairness in which it desires to administer the Treaty should be beyond question, was careful to add that it was willing to consider any proposals which were submitted to it

before 1st April, 1921, in regard to the partial substitution for payment in gold or foreign currency, of the delivery of commodities, the transfer of securities, or the proceeds of the issue of a foreign loan.

" The Reparation Commission therefore finds that the German Government, while refusing to comply with the demand duly made in accordance with the Treaty, puts forward an interpretation of Article 235 and of paragraph 12 (*c*) of Annex II which is clearly incorrect.

" The argument of the German Government cannot be sustained that if a deficit is shown on the 1st May, 1921, the only result should be the replacement of the bonds prescribed in paragraph 12 (*c*) 1 of Annex II to Part VIII of the Treaty of Versailles by interest-bearing bonds similar to those mentioned in paragraph 12 (*c*) 2 of the same Annex.

" The 20 milliard gold marks due under Article 235 must not in any way be confused with the 20 milliard gold marks which represent the total of the first instalment of bonds prescribed by paragraph 12 (*c*) 1 of Annex II.

" The 20 milliards of bonds under Annex II are a mere acknowledgment of indebtedness which are only reckoned for the general *reparation* account.

" The 20 milliards gold marks under Article 235 are to be paid in liquid money or its equivalents and are to be devoted partly and in the first instance to the *expenses of the Armies of occupation* and authorised expenditure for the *supply of foodstuffs and raw materials to Germany*, partly and up to the limits of the balance for *reparation*. It is only that portion which can be placed to the reparations account which can go towards the partial redemption of the instalment of bonds for 20 milliards mentioned in Annex II.

" The provisions of Annex II, paragraph 12 (*c*) 1, with regard to the issue of new bonds therefore in no way affect the absolute obligation imposed upon Germany by Article 235.

" In any case the total amount of the 20 milliards gold marks due under Article 235 is due for payment by the 1st May, 1921; the text is imperative and failure to carry out this Article renders Germany liable to penalties in the same way as any other default in respect of her obligations.

" These facts having been established, it emerges that the German Government by sending a definitive negative reply to the general requirement of the Commission to carry out the stipulations of Article 235 and in particular by refusing to pay the specific sum of one milliard of gold marks required by the 22nd March is in default in respect of the performance of her obligations and engagements.

" The Reparation Commission has therefore decided in accordance with paragraph 17 of Annex II to Part VIII of the Treaty of Versailles to give immediate notice of such default to each of the Powers interested."

The default referred to in the concluding paragraph of the above letter was duly notified, and the Commission proceeded on the 16th April, 1921, in view of the attitude of the German Government, to make the following further demand :

" The Reparation Commission has informed the Kriegslastenkommission by letter No. 13/184, dated the 24th March, 1921, that it considers that the German Government has definitely refused to comply with the general demand which the Commission has formulated with regard to the execution of the provisions of Article 235 of the Treaty of Versailles.

" The Reparation Commission considers that this definite refusal necessitates the more drastic exercise of the rights which it possesses over the property and possessions of the Empire and the German states. Without prejudice therefore to any measures which the Allied and Associated Governments may take in this matter, the Commission has the honour to inform the Kriegslastenkommission that it has decided, as a security and guarantee for the execution of the obligations of the German Government with regard to reparation, to demand that the German Government should forthwith, not later than the 1st May, 1921, transfer to the Branch Offices of the Reichsbank at Cologne or at Coblenz, the whole of the Reichsbank's metallic reserve.

" This reserve may still figure on the balance sheet of the Reichsbank, but the German Government must not dispose of any part of it without the prior authorisation of the Reparation Commission.

" Should the German Government refuse to comply with this demand, the Reparation Commission will be forced to require, in virtue of the powers which it holds under Article 235 of the Treaty of Peace, that the metal reserve of the Reichsbank be handed over immediately.

" It is in order to avoid, if possible, the consequences which such delivery might entail, that the Reparation Commission has decided to limit its present request to the transfer of the metal reserve in question to the Branch Offices of the Reichsbank at Cologne or at Coblenz.

" The Reparation Commission will wait until the 22nd of April for the Kriegslastenkommission to reply to the present letter."

On the 22nd April, the German Government addressed a refusal to the Commission :

" I am instructed by the German Government to reply as follows to the Note from the Reparation Commission of 16th April, 1921, relating to the metal reserve of the Reichsbank.

" The decision of the Reparation Commission demanding from the German Government, as security and guarantee for the work of reparation, the transfer, before 1st May, 1921, of the entire metal reserve of the Reichsbank to the branch of the Reichsbank at Cologne or Coblentz, must be viewed in the light of the fact that

paragraph 2 of Article 248 of the Peace Treaty, under the terms of which the German Government shall not export or dispose of, and shall forbid the export or disposal of gold without the previous approval of the Reparation Commission, will be no longer in force after 1st May. The German Government does not fail to recognise the fact that it is to the interest of the Allied and Associated Governments that this provision should not become inoperative until a general agreement be concluded in regard to the problem of reparation. It is therefore willing to adopt immediately and prior to 1st May, all legal measures necessary for extending the validity of the said provision until 1st October, 1921.

" The German Government considers that this proposal constitutes an equivalent of the measure suggested by the Reparation Commission which will be compatible with the interests of both parties.

" In regard to the request of the Reparation Commission it must be remembered in the first place that the Reichsbank, as a private institution, is entirely autonomous and independent of the financial administration of the Commonwealth in the management of its private property, in particular of its metal reserve. If the Reichsbank's formal right of ownership is to be maintained this difficulty cannot be overcome.

" Since moreover the removal of the last gold guarantee of German bank notes would seriously affect the exchange and the entire currency system of Germany, this measure would in no way serve the purpose of the Reparation Commission, which is to ensure Germany's fulfilment of her reparation obligations. The resulting depreciation of German exchange would not only most seriously jeopardise the economic life of Germany and permanently reduce her productive capacity, but would also perceptibly affect the interests of all foreign holders of German marks, and, in general, all foreign creditors of Germany."

On the 25th April, 1921, the Reparation Commission expressed its regret that the German Government had misunderstood the spirit which prompted the letter of the 21st April, and explained that the principal reason for requesting the transfer of the gold was a desire that the stipulations of the Treaty might thus be made to harmonise with the conditions of German exchange. In view of the attitude which the German Government had seen fit to adopt in the matter, and in view of its failure to fulfil the obligations arising under Article 235, the Commission was obliged to exercise the powers conferred upon it by the Treaty and to demand that one milliard marks in gold should be placed at the disposal of the Commission on or before the 30th April. The Commission did not consider it necessary to discuss at that juncture the relations of the Commonwealth Government with the Reichsbank, since it was assured that the Commonwealth Government had in any case means to comply with the demand of the Commission if it cared to.

On the 29th April, 1921, the German Government replied that in a memorandum of the 24th April, the publication of which coincided with the Commission's letter of the 25th April, wishing to find a solution of the entire reparation problem, it had submitted to the United States Government proposals which satisfied the previous demands of the Reparation Commission. Among other things those proposals contained the following offer: "Germany declares her willingness to place at the immediate disposal of the Reparation Commission 1,000,000,000 gold marks as follows:

(*a*) 150,000,000 gold marks in gold, silver and foreign exchange;

(*b*) 850,000,000 gold marks in Treasury drafts redeemable at three months at latest by foreign currency realised on foreign securities."

There was nothing left for the Commission but to notify the Allied Governments formally that Germany was in default in respect of her obligations under Article 235 of the Treaty to the extent of at least 12,000,000,000 gold marks.

The default was notified on the 3rd May, 1921. The notification automatically transferred the question to the Allied Governments under paragraphs 17 and 18 of Annex II of the reparation chapter. On the 27th April, in execution of Article 233, the Commission had established Germany's total indebtedness.* On their part the Allied Governments had met in London to consider the problems raised by Germany's failure, and by the necessity of making arrangements for future payments. The members of the Commission made a visit to London, where they were put into possession of a draft Schedule of Payments already agreed upon by the interested Governments. This draft was in substance adopted by the Commission, and notified to Germany on the 5th May, the Allied Governments at the same time addressing an ultimatum. This Schedule of Payments determined for the future the total obligations of Germany.†

It only remains to add that the amount which Germany had paid up to the 1st May, 1921, has proved to be not more than sufficient to pay for the costs of occupation, exclusive of the costs of the United States Army. At that date, then, Germany had paid no reparation, and the total indebtedness as found by the Commission still remained intact.‡

(*) *See* Chapter III.

(†) *See* Official Documents, I: H.M. Stationery Office, 1922.

(‡) In Volumes I and IV of this series, the Commission has given all information at present available as to payments actually made by Germany. It has also issued a volume containing the text of the Schedule of Payments and subsequent correspondence relating to it. (*See* Volume III of this series).

CHAPTER III.

VALUATION OF DAMAGE.

I.

Article 231 and portions of Articles 232 and 233 of the Treaty of Versailles govern the finding by the Commission of the total amount of damage for which Germany was responsible:

"*Article* 231.—The Allied and Associated Governments affirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies.

"Les Gouvernements alliés et associés déclarent et l'Allemagne reconnaît que l'Allemagne et ses alliés sont reponsables, pour les avoir causés, de toutes les pertes et de tous les dommages subis par les Gouvernements alliés et associés et leurs nationaux en conséquence de la guerre, qui leur a été imposée par l'agression de l'Allemagne et de ses alliés."

"*Article* 232.—The Allied and Associated Governments recognise that the resources of Germany are not adequate, after taking into account permanent diminutions of such resources which will result from other provisions of the present Treaty, to make complete reparation for all such loss and damage.

"The Allied and Associated Governments, however, require, and Germany undertakes, that she will make compensation for all damage done to the civilian population of the Allied and Associated Powers and to their property during the period of the belligerency of each as an Allied or Associated Power against Germany by such aggression by land, by sea, and from the air, and in general all damage as defined in Annex I hereto.

* * * * * * *

"Les Gouvernements alliés et associés reconnaissant que les ressources de l'Allemagne ne sont pas suffisantes-en tenant compte de la diminution permanente de ces ressources qui résulte des autres dispositions du présent Traité—pour assurer complète réparation de toutes ces pertes et de tous ces dommages.

"Les Gouvernements alliés et associés exigent toutefois, et l'Allemagne en prend l'engagement, que soient réparés tous les dommages causés à la population civile de chacune des Puissances alliées et associées et à ses biens, pendant la période où cette Puissance a été en état de belligérance avec l'Allemagne par ladite agression par terre, par mer et par les airs, et d'une façon générale, tous les dommages tels qu'ils sont définis à l'Annexe I ci-jointe."

* * * * * * *

" *Article* 233.—The amount of the above damage for which compensation is to be made by Germany shall be determined by an Inter-Allied Commission to be called the Reparation Commission and constituted in the form and with the powers set forth hereunder and in Annexes II to VII inclusive hereto.

" This Commission shall consider the claims and give to the German Government a just opportunity to be heard.

" The findings of the Commission as to the amount of damage defined as above shall be concluded and notified to the German Government on or before May 1, 1921, as representing the extent of that Government's obligations.

* * * * * * *

" Le montant desdits dommages, pour lesquels réparation est due par l'Allemagne, sera fixé par une Commission interalliée, qui prendra le titre de Commission des Réparations et sera constituée dans la forme et avec les pouvoirs indiqués ci-après et aux Annexes II à VII ci-jointes.

Cette Commission étudiera les réclamations et donnera au Gouvernement allemand l'équitable faculté de se faire entendre.

" Les conclusions de cette Commission, en ce qui concerne le montant des dommages déterminés ci-dessus, seront rédigées et notifiées au Gouvernement allemand le 1er mai 1921 au plus tard comme représentant le total de ces obligations."

* * * * * * *

Annex I to Part VIII of the Treaty of Versailles which divides the damage into specific categories will be found in Appendix VI*.

The Commission's duty was thus clearly defined. It had to effect a valuation of claims submitted by the Allied and Associated Powers for specific categories of damage.

The general lines of the procedure adopted, which will be explained in some detail, were the following.

Each Government concerned collected and checked the individual claims of its nationals. It grouped them in categories and forwarded to the Reparation Commission the total arising under each category. The totals constituted the claims of the Governments who submitted them to the Commission.

The claims thus drawn up by the Allied Governments, before being examined by the Commission, were transmitted to the German Government for observations. With these observations before it, the Commission then examined the substance of the claims made by the Allied Governments, and finally, in a judicial capacity, pronounced upon the monetary loss represented by the damages in question.

It is worth adding that the total represented the comprehensive damage, and cannot be split into component elements representing the approved claims of individual Powers, as will emerge more clearly from the succeeding statement as to the means by which the total was established. It was not indeed contemplated

* *See* page 190.

by the Treaty that the Commission should find individual totals, and under the Treaty's scheme there was no particular interest in such a procedure being adopted. Article 237 of the Treaty provides that the German payments " will be divided by the Allied and Associated Governments in proportions which have been determined upon by them in advance on a basis of general equity and of the rights of each " (" Seront répartis par les Gouvernements alliés et associés suivant les proportions déterminées par eux à l'avance et fondées sur l'équité et les droits de chacun "), and in practice the basis of distribution up to 93·5 per cent. was settled in July, 1920, at the Inter-Allied Conference at Spa.*

The time available for valuing the damages was something less than sixteen months from the coming into force of the Treaty. But the time was further shortened by the reaction during this period of certain external events. Reference was made in the preceding chapter to the repercussion of these events upon the execution of Article 235. A further reference to them is now necessary, for their influence was even more marked in the establishment of the damages. Had they led to anything definite, the valuation work to be carried out by the Reparation Commission under Article 233 might have been rendered supererogatory.

In an early period of the Commission's history, while it was pursuing the execution of the Treaty, a method of solving the reparation problem, which had been already tried at the Peace Conference, put aside, but never finally rejected, was being pursued by the Allied Governments. At a comparatively early date it was generally felt that it would greatly assist the world's economy if a definite establishment of Germany's indebtedness were not deferred until the 1st May, 1921, and if uncertainty were further minimised by an early elaboration of a scheme, not necessarily on the exact lines of the Treaty, for the liquidation of that indebtedness, with inducements to Germany to expedite the process. The Allied Governments had begun to envisage the possibility of what came to be popularly called the " Lump sum settlement." Discussions took place in the early part of 1920 in London and Boulogne which were to lead up to a conference at Spa, to which German representatives were admitted, and at which an attempt would be made to negotiate a reparation settlement. The Conference at Spa was held in July. It happened, however, that the time of the Conference was fully occupied by the preparation of an Inter-Allied agreement covering the distribution of reparation receipts and various other problems connected with reparation of an Inter-Allied character, by a discussion with the Germans on the performance of the disarmament clauses of the Treaty, and by the consideration of the problems raised by

* A later agreement fixed the share of the Serb-Croat Slovene State at 5 per cent., thus raising the total distributed to 98½ per cent.

Germany's failure to deliver the quantities of coal demanded of her under the Reparation Chapter of the Treaty. The main problem of reparation was not opened, but deferred for consideration at a conference of Ministers to be held at Geneva in the following month. The conference at Geneva did not in fact take place, but discussions between the Allied Governments, which prolonged what was necessarily a period of suspense for the Reparation Commission, eventually led to the summoning in December of the meeting of Experts at Brussels to which allusion has been made in a previous chapter.

The Brussels Experts on the 18th January, 1921, made a report to their Governments, of which, for the present purpose, the following is the significant portion :

> " It is generally recognised that the economic situation of Germany is much better than her present financial position. The improvement of the financial situation would promote the development of Germany's economic possibilities, thus ensuring considerable prosperity, as soon as the financial and monetary difficulties have been overcome; but it is almost impossible to say how soon this result can be attained.
>
> " At the same time, it is a question of primary importance to let Germany know, as soon as possible, the extent of her obligations, so as to enable her not only to make plans to meet them, but also to begin as soon as possible actually to fulfil her obligations.
>
> " Under these conditions, the Brussels Experts have thought right to examine the possibilities of an agreement by which Germany would undertake to pay, for five years, an annuity of three milliard gold marks, thus postponing the fixation of Capital Debt and the amount of subsequent annuities to some early date, in order to enable Germany to restore her financial situation to a certain extent."

It will be seen, therefore, that some four months before the Treaty total had to be established the Allied Governments were still considering the adoption of more summary methods. The attempt was actually made by the Supreme Council meeting in Paris at the end of January, when a scheme was drawn up under which Germany should pay two annuities of 2 milliard gold marks, three of 3 milliard gold marks, three of 5 milliard gold marks, thirty-one of 6 milliard gold marks, together with forty-two annuities each equal to 12 per cent. of the value of German exports. The German Government refused to accept this Allied proposal at the beginning of February, and only at that date did it become perfectly clear that the Reparation Commission would have to proceed with its Treaty duties and find the total of damages.

The above facts must be borne in mind by the reader of the following account of the procedure adopted by the Reparation Commission.

Some reference must be made in this Report to a special technical service, known as the Valuation Service, set up by the Reparation Commission to assist it in the task of assessment of damages imposed upon it by the Treaty. This body pursued its labours throughout the period from February, 1920, to the end of April, 1921. It would be pointless to dwell in detail here upon the mass of investigation undertaken by this Service. Some idea of the bulk of the work will, however, be derived from the following description, which only deals with questions which were laid before the Commission itself and formed a very small part of those which the Service was called upon to handle in order to facilitate the Commission's task.

II.

In a Protocol supplementary to the Treaty of Peace, signed at Versailles on the 28th June, 1919, it had been agreed that "from the signature of the Treaty and within the ensuing four months, Germany would be entitled to submit for examination by the Allied and Associated Powers documents and proposals in order to expedite the work connected with reparation and thus to shorten the investigation and to accelerate the decisions." On the 10th May, 1920, the Commission received from the German Government two letters dated the 7th and 9th May respectively. The first of these two letters was a note covering two memoranda respecting damage caused by the war in Belgium and Northern France; the second set forth the German contention that the period of four months mentioned in the Protocol had been intended to run, not from the signature of the Treaty, which was signed on the same day as the Protocol itself, but as from its coming into force, that is, the 10th January, 1920; it further enclosed a copy of a letter addressed to the President of the Peace Conference to the following effect:

Paris, May 8, 1920.

SIR,

By order of my Government, I have the honour to bring the following to the notice of Your Excellency.

By virtue of No. 5 of the Versailles Protocol of June 28, 1919, the German Government intended to make, within the period which expires the 10th of this month, a declaration concerning the settlement of the demands for reparation made by the Allied and Associated Governments. In the meantime the Allied Governments, in their note of April 26 last, expressed the opinion that questions relative to the execution of the Peace Treaty might more easily be settled by an exchange of views between the Heads of Governments than by notes.

In suggesting that the aforesaid questions be dealt with at the proposed conference at Spa, the German Government believes that it is acting in accord with the intentions of the Allied Governments. The documentary and statistical material for these deliberations will be submitted by the German Government before the meeting of the Conference takes place.

I have the honour, Sir, to be, etc.,

(Signed) GOEPPERT.

The German memoranda in question were based on German investigations which had been primarily directed to assessing damages under paragraph 9 of Annex I., *i.e.*, damage to property, though certain information had also been collected respecting damages under other categories for which figures could not be given owing to the lack of statistics. Losses at sea were, moreover, excluded. Methods of " estimation " had been followed and the values were based on pre-war prices and on the condition of the property when injured, destroyed or removed. The gross valuations arrived at by the German Government were 7,319,240,000 marks in the case of France and 2,187,992,000 marks in the case of Belgium. From these amounts, however, the German Government claimed that there should be deducted the value of German material abandoned in the occupied territories, for which they claimed a credit of 217,166,000 marks in the case of France, and as much as 1,603,480,000 marks in the case of Belgium. It was not for the Reparation Commission to make any pronouncement as to whether the German proposals were to be presented within four months of the signing or the entry into force of the Treaty, or to accept any German proposals that might be made. The Allied and Associated Powers had to deal with these matters. The Reparation Commission therefore merely noted these proposals and indicated that they had been received on the 10th May, 1920.

On the 17th of that month, however, the Commission took stock of the position and decided, disregarding conversations between the governments to which it was not a party, and which had as yet led to no definite result, to address a letter to all the Governments signatory to the Treaties of Versailles and St.-Germain in which, without prejudicing the existence or the extent of a right to reparation of the respective Powers the following questions would be addressed to them :

(*a*) What point had the Governments reached in the preparation of the list of damages which they intended to submit?

(*b*) What were the rules of procedure and methods of proof which they had adopted?

(*c*) What were the principal difficulties which they had met?
(*d*) What were the most important questions with which they had been faced or which they wished to put to the Commission?
(*e*) Could they submit as soon as possible to the Commission a certain number of actual concrete claims as test cases?

It was decided at the same time that the technical services of the Commission should begin the consideration of the " rules relating to methods of proofs of claims which the Commission was enjoined by paragraph 11 of Annex II. of the Reparation Chapter to lay down."

The Commission again reviewed the situation in September, 1920. It was decided that the Commission should for the time being set aside all questions of minor damages and the more complex problems of less importance and prepare on actuarial and statistical bases claims in respect of :

(1) military and civil pensions;
(2) separation allowances;
(3) damage to buildings; and
(4) loss of ships and cargoes,

claims which, in the aggregate, would probably represent approximately 90 per cent. of the damage covered by the Treaty.

At the beginning of October the policy of the Commission was further developed in the following decisions :

(1) The Allied and Associated Governments would be requested to submit with as little delay as possible estimates of their damages, in successive portions if necessary, as and when completed, and in particular to submit by November 1st at latest estimates of the damages under the following heads :
   (*a*) pensions or compensation to military sufferers through the war and to persons dependent on them;
   (*b*) separation allowances;
   (*c*) damages to property other than losses at sea;
   (*d*) losses at sea.

   The estimates would, whenever the nature of the damage permitted, include a statement of the quantities and unit prices applicable to those quantities, the estimates of quantities to be in all cases complete, even if the unit prices applicable to certain of them could not be determined in time.
(2) Each of the following four Powers would be requested to supply by the same date as exact an estimate as possible of one special type of damage as well as a very complete statement of the methods employed to arrive at this estimate :
   (*a*) Great Britain : losses at sea;

(*b*) France : pensions and compensation in the nature of pensions and damage to property other than losses at sea ;

(*c*) Italy : separation allowances ;

(*d*) Belgium : damage to industrial property.

The following resolution passed at the same time was designed to put on record the existing situation of the Commission in this matter, and its own view of the possibilities :

" The Commission decides that if it is called upon to determine the amount of the damages for which compensation is to be made by Germany in accordance with Article 233 of the Treaty of Versailles on or before 1st May, 1921, it will be necessary as regards each category of claim to proceed by statistical methods of estimation rather than by detailed examination of individual claims.

" This decision is without prejudice to the rights of the Commission to check the general results obtained by such examination of individual cases as may be necessary to test the accuracy of the statistical methods and averages adopted, and have recourse to detailed valuation in respect of particular items of damage in regard to which that method of assessment may appear to the Commission to be the more convenient and appropriate."

The intention of the Commission was, so far as possible, to take a standard type of claim for a particular category of damage prepared by the country which, having regard to its own special experience and also to the necessity of distributing the labour among them, could most easily prepare it. The standard type thus obtained was to make it possible to examine, on the same basis, the claims maintained by other countries for the same category of damage and to ensure the necessary unity between them.

By January, 1921, it was clear that the standard type system would have to be abandoned. Even at that date all the standard claims had not been received. By the 1st November, 1920, the date originally laid down for their receipt, only one, the British claim for losses at sea, had been submitted to the Commission. After an exhaustive discussion the Commission informed the Allied and Associated Governments that it would be unable to consider any claim not received before the 12th February. A plan of work was also adopted and communicated to the German Government in the following terms :

" The Reparation Commission have been considering the procedure and time table necessary in order that, after opportunity for hearing has been given, the findings of the Commission with regard to the damage for which compensation is due by Germany may be made and communicated to the German Government on or before 1st May, 1921, in accordance with Article 233 of the Treaty of Versailles.

" The Commission propose to forward the several claims as they are received from the Governments concerned to the Kriegslastenkommission. They hope that the last of these claims will be communicated by 20th February, and that it may be possible to send some before that date. As each claim is delivered to the Kriegslastenkommission, it is proposed to specify the time, to be not less than eight and not more than fifteen days, according to the character of the claim, within which the Krieslastenkommission will be at liberty to ask for any supplementary information which, in its opinion, it may require, and also to raise any question as to principles or interpretation of the Treaty affecting the claim. The latest date, therefore, for the Kriegslastenkommission to forward questions of this character would be 5th March.

" It is proposed to arrange that the Allied Governments shall furnish such reply as is possible to any such requests for supplementary information within a further time varying between the minimum of eight and a maximum of fifteen days, so that the latest date for sending such replies to the Kriegslastenkommission will be 20th March.

" A third period, which will again vary between eight and fifteen days, and be similarly specified at the time when the replies are sent to the Kriegslastenkommission, will be allowed for the German Government to furnish its final memorandum on each claim, thus, the final German memorandum with regard to any claim would be submitted to the Reparation Commission not later than 5th April.

" The Reparation Commission will give a hearing on each claim if the German Government desires one, as soon as possible after the receipt of the final German Memorandum upon it. It will be possible, therefore, to commence the hearings before 5th April, but the last hearing upon any claim must terminate not later than 12th April, the period between 12th April and the end of the month being reserved by the Commission for the final consideration and announcement of its award.

" It is hoped that the examination of the claims may be facilitated by direct discussions of experts on each side. For this purpose, and for the purpose of avoiding all delay in carrying out the above arguments, the German experts should be prepared to come to Paris by 15th February and to remain continuously, so long as they are required. If possible, in the earliest stages the Kriegslastenkommission will be advised a day or two in advance of the time when it may expect to receive particular claims."

Thanks to the efforts made by all concerned, it proved possible to carry out the terms of the above programme; by the 12th February all the claims had been received, with the exception of

a small number of complementary lists of minor importance which were sent in subsequently and which the Commission refused to consider in conformity with the decision of principle reached and notified to the Governments. The Commission proposed that the time available up to the 20th February should be employed in comparing claims and co-ordinating those of the same category in consultation with the various Governments concerned, so far as might be practicable.

On the 15th March the General Secretary of the Commission was in a position to announce that the Germans had, within the time allowed, officially addressed more than 300 questions on the lists of claims sent to them, and that more than nine-tenths of these questions had already received replies. Moreover, a very large number of questions had been addressed by the Germans to the Commission or the Delegations semi-officially, including nearly 300 to France alone.

The hearings of the German Government were completed on the 12th April, in sittings which extended over ninety hours. At the conclusion of the hearings, Herr Ruppel, who was in charge of the German Delegation for this purpose, made a declaration to the following effect:

> "The German Delegation, in its written and verbal observations on the claims submitted by the Allied and Associated Powers, could not in all circumstances define their position in an exhaustive and comprehensive manner. The German Delegation had submitted figures of the estimates which they had made in respect of certain groups and items in the claims. These figures represented the extreme limit of the offers for which the German Delegation could assume responsibility. In regard to the remainder, it had been shown that in a number of cases the claims submitted were too high or unjustifiable. Some referred to damages for which Germany owed no reparation under the terms of the Treaty of Versailles; others contained exaggerated figures; and in other cases there had been overlapping and duplication. In its pourparlers with the Delegations of the different countries, and in the course of its hearing by the Commission, the German Delegation had been convinced that the points on which it had made its observations constituted only a fraction of the total overcharge, and that there were still numerous cases in which an overcharge had been made which had not been discovered by the German experts. The German Delegation assumed that the Reparation Commission, by reason of the more ample data at its disposal, would be able to eliminate a great number of such cases, but it did not think it would be able to trace them all. He requested the Commission to consider that the various Governments, for reasons which could be easily understood, had been inclined to admit even doubtful items into their

claims, and he felt sure that the Commission would not fail to give these questions also the careful attention which they deserved.

" The German Delegation hoped that all its observations would be taken into consideration by the Commission; it gladly acknowledged that the Reparation Commission, within the short time available, had given in a large measure facilities for making verbal and written observations, and, as the head of the German Delegation, he wished to express his gratitude to the Commission. In the extended negotiations which had taken place, he had gained the impression that the Commission, in the carrying out of their gigantic task of fixing this enormous debt, on very insufficient data, would exert itself to the utmost in order to arrive at a conclusion which would be, as far as possible, in accordance with the reality and with the demands of justice and equity. The German Delegation believed that, to the best of its ability, it had done everything possible to facilitate the Commission's task of ascertaining the amount of the damage. More might, however, have been done had more material been available, and had more frequent opportunities been given for the discussion of the claims between the experts on both sides. He regretted that this had not been done, and the German Delegation would hold itself at the disposal of the Commission and would be ready to give any information required, and answer any questions which might be put."

By a letter of the 22nd April the German Government thought fit to modify materially the bearing of Herr Ruppel's remark; the concluding paragraph of the letter in question being couched in the following terms:

" The German Government fully recognises that in the short time that remained between the presentation of the claims by the Allied Governments, and the time limit fixed by the Peace Treaty, the Reparation Commission has done its utmost to enable the German Government to verify the data of the Allies and to pronounce upon them. In view, however, of the insufficiency and the unreliability of the data to be verified, and the shortness of the time allowed for coming to a decision, the German Government cannot admit that it has been given in this supremely important question the just opportunity to be heard to which ' it was entitled under the terms of paragraph 2 of Article 233 of the Treaty of Versailles.' "

The Commission contented itself with acknowledging receipt of the letter and expressing regret at the change of attitude.

On conclusion of the hearings the Commission proceeded to reconsider the claims in the light of the German observations, and the

reports of the Commission's own technical services, and, on the 27th April, arrived at the following decision :

" The Reparation Commission, in pursuance of the stipulations of Article 233 of the Treaty of Versailles decided unanimously to fix at 132 milliard marks gold the amount of the damage for which reparation was due from Germany under Article 232, paragraph 2, and Annex I of Part VIII of the said Treaty.

" In fixing this figure the Commission had left out of account that amount of damages in respect of which restitution had been or was to be made in execution of Article 238, and no credit would consequently be due to Germany on account of such restitutions.

" The Commission did not include in the above figure the sum representing the further obligation incumbent on Germany in terms of the third paragraph of Article 232, ' to make reimbursement of all sums which Belgium has borrowed from the Allied and Associated Governments up to 11th November, 1918, together with interest at the rate of 5 per cent. per annum on such sums' ".

As has already been explained in the first section of this Chapter, the Commission found the gross total of the damages inflicted by Germany and her Allies, without arriving at separate totals either for the damages suffered by individual countries, or for specific categories of damage; the method employed is perhaps best described in the words used by a delegate when the procedure to be followed was under consideration :

" Personally he was of the opinion that there was one method, but only one by which the Commission might fix this total before the 1st May 1921. It was possible that questions of interpretation of the Treaty would arise, upon which the opinions of the various delegates might not be in agreement. As a result there would be wide discrepancies in the valuations of certain categories by different delegates, but it was quite possible that when the individual delegates added together the totals at which they respectively estimated the values of the different categories, the results would be so near that it would be possible for the Commission to fix the sum for the grand total unanimously. This was the procedure which would be adopted in his country when a court of three judges had to assess the damages for a series of breach of contract. If the three members of the court agreed on the total of the damages, it was not necessary for them to be in agreement on the damages to be assigned to each particular breach."

Thus did the Commission fulfil the duty imposed upon it by the Treaty of finding the total of the damages for which, under its

terms, Germany is responsible. It has already been explained in Chapter II, how the Schedule of Payments was drawn up for the discharge of this obligation. The total once established under Article 234, no part could be cancelled, except with the specific authority of the several Governments represented upon the Commission, but subject to this limitation, the Commission, under the same Article, is given discretion to extend the date and to modify the form of payments as prescribed in the Schedule. Some account of the action taken by the Commission under the power thus conferred upon it has already been given in a volume published by the Commission.*

III.

In Appendix VII† will be found a table which sets out in full the total of the various claims submitted by each of the Allied and Associated Powers under the various categories of damage. This document is of considerable historical importance; it would be idle, however, to pretend that a consideration of it in isolation would greatly assist the reader to reconstruct for himself the process by which the total of 132 milliards was arrived at. As has been explained, the procedure followed by the Commission was such that it is not possible to say which of the items figuring in the claims were submitted to reduction and in what degree. Moreover, a glance at the table will suffice to show that it would be a matter of very great difficulty to convert the claims even as submitted into gold marks, and to set up a total *claim* which can properly be compared with the *finding*. The claims are stated in many different currencies, in French francs, sterling, lire, yen, dinars, etc. Moreover, in some cases the claims are stated in the 1914 values of these currencies, and in others in their values as at the time when the claims were submitted or their supposed value at the time of reconstruction.

The problem of conversion was in fact one of the most difficult which the Commission had to face; the method of valuation which had been accepted as a working basis was such that no formal decision on any of the various points arising had to be taken by the Commission, but it is possible to set forth the various considerations which were placed before the Commission in this connection.

Broadly speaking there were two principal cases to consider. The first was the case of pensions, with which the case of separation allowances has some affinity. Both pensions and separation allowances, under the terms of the Treaty, had first to be stated in terms of French francs for all countries alike having legitimate

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* Reparation Commission, Official Documents relative to the amount of payments to be effected by Germany under Reparation Account, 1st May 1921–1st July 1992 published by H.M. Stationery Office, 1922.

† *See* Table opposite page 190.

claims under these headings. The amount which could be claimed for pensions was the capitalised cost of such pensions and compensation in the nature of pensions at the date of the coming into force of the Treaty on the basis of the scales in force in France on such date, while separation allowances were calculated for each government on the basis of the average scale for such payments in force in France during each calendar year in which hostilities occurred. When the claims had been duly stated in French francs in conformity with the provisions of the Treaty, it remained to convert them into gold marks. It will be obvious that the rate of conversion used might have worked with extreme unfairness at a later date either to Germany, or to her creditors, according as the value of the French francs in the future fell or rose, provided that the fluctuations in the French francs were not such as to necessitate or justify an alteration in the pension scales. The case of separation allowances was simpler in that they were past payments, and no problem of future payments at varying rates of exchange presented itself.

The other principal cases requiring consideration related to damage to property in general. The Treaty provides in Annex II § 12 (*e*) that :

> " The damage for repairing, reconstructing and rebuilding property in the invaded and devastated districts, including reinstallation of furniture, machinery and other equipment, will be calculated according to the cost at the dates when the work is done."
>
> " Les frais nécessités par les réparations et reconstructions des propriétés situées dans les régions envahies et dévastées, y compris la réinstallation des mobiliers, des machines et de tout matériel, seront évalués au coût de réparation et de reconstruction à l'époque où les travaux seront exécutés."

To a small extent reconstruction had already been carried out. For the greater part it would be carried over a series of years during which it was obviously impossible to forecast the course of prices. In some cases the claims submitted were based on 1914 values, in others on replacement values expressed in terms of national currencies. In the first class of case what was the correct co-efficient to employ in order to translate 1914 values into present values? In both cases, at what rate of exchange should the present values as claimed or as constructed be converted into gold marks?

The view sustained by the German Delegation may be summarised in their own words, as follows :

> "The calculation of the amount in gold marks of the claims for compensation in the different currencies ought to be made on the basis of the *present* relation of these different currencies to their gold equivalent. As regards the damage to property calculated with a co-efficient, the fairness of this conception

is evident from the method of reckoning employed. The only doubtful cases are those on the one hand, in which there is a question of the conversion of payments already completed, such as allowances to families and reconstruction already begun, and on the other, those which concern the sums estimated for *future expenditure*.

" With regard to what has been definitely ascertained for the past, the fact must be decisive, after all the factors here set forth have been taken into consideration, that no alteration has taken place in the internal conditions of the different countries as far as their currency is concerned since the outbreak of war, and that consequently no difference exists between the claims in francs which took place within this period.

" For the conversion of the estimate of damages embracing the future the fact must be decisive that only two cases can come into question here. Either future possibilities are eliminated entirely and the calculation is made on the basis of the conditions obtaining at the present moment, or else it is necessary, in view of the fact that it is impossible to forecast future developments, to put aside all considerations of the gold equivalent in the meantime, and present the sums calculated *without any co-efficient of increase*. The latter method must however remain out of the question, because according to Article 233, Paragraph 3 of the Peace Treaty, the total damages must be determined by May 1.

" In any case it can make no appreciable difference to the country receiving the sum for damages, whether the gold mark equivalent of the sum determined be calculated now or later.

" In the first case, *i.e.*, if the calculation of the paper franc, for instance, were to be made according to its present value, the following possibilities have to be taken into consideration :

(1) " The gold equivalent of the French paper franc may diminish. In that case the French Government would receive a considerably higher sum in paper francs for the payment in gold marks. This increase would probably be neutralised by an increase in the costs of reconstruction.

" In the same way, for pensions a higher sum would be received for paper francs than should actually be paid. Probably, however, in this case a subsequent rise in the annuities would have to be taken into consideration.

(2) " The gold equivalent of the paper franc may increase. In that case the payment in gold marks would correspond to a smaller sum in francs. This decrease would, however, as far as the costs of reconstruction are concerned, probably be neutralised by a decrease in the expenditure required for that purpose."

It is of interest, to place before the reader proposals for a systematic treatment of the subjects which were evolved within the Commission in the course of its deliberations.

The Commission requested the British and American Delegates to consider the problem as it affected, firstly the pension claims, and secondly damages in general. As regards pension claims the following was the result submitted for the consideration of the Commission :

" The undersigned were asked to report some suggestion for the conversion of the pension claims into gold marks.

" Whatever may be the legal force of the argument in favour of conversion at the exchange rate January 10th 1920 (2.649 = 1) the adoption of this rate would lead to an inequitable result. The result of the adoption of the pre-war rate of exchange (1.2344 = 1) would represent the opposite extreme and would be equally inequitable. In asking us to consider the question the Delegates had the hope that some intermediate figure might be found, which the Commission would be justified in adopting in exercise of the broad powers which the Treaty gives.

" At the informal Conference it was suggested that the actual purchasing power of the franc both at the time when the French pension scales were fixed and also at the date on which the Treaty came into operation was probably greater than the foreign exchange value of the franc on January 10th, 1920 and that a rate based on an estimate of this real value of the franc might afford a solution of the problem.

" Further study has convinced us that this method does meet the situation quite satisfactorily.

" The annexed tables show that the purchasing power of the franc within France, as compared with the purchasing power of the dollar in America, or the £ sterling in Great Britain, differed very considerably from the current rates of exchange.

" They also show that when allowance is made for the depreciation of the £ sterling, the results obtained from a comparison of French with the British, and French with American prices, are very nearly the same. The tables indicate that the gold value of the franc on the basis of its actual purchasing power during the first quarter of 1919 (the quarter in which the French Pension Law was passed) was between 2 and 2.15 francs to the gold mark, and during the last quarter of 1919 (the quarter before the Treaty came into operation) it was about 2.20 francs to the gold mark, while the average for the whole year is 2.09 on the basis of American prices, and 2.02 on the basis of British prices adjusted for the depreciation of sterling.

" We think that the most equitable method of arriving at the capitalised value of pensions in gold marks for all countries will be

to make the calculation in French francs as on the 10th January, 1920, and to convert the amount so arrived at into gold marks at the rate of 2.20 francs to the gold mark."

As regards damages in general the British Delegate submitted the following conclusions for the consideration of his colleagues :*

On the principle that the rate of conversion should vary with the character of the damage, damages had been classified in five categories.

(1) Material damage which had not yet been repaired, and for which the claim for compensation should be based on the probable reconstruction cost. Provided that the co-efficient of conversion for these claims was high enough to bring the amount of the claims to its true value in the national currency as it then stood, the resultant sum should be translated into gold marks on the basis of the rate of exchange of the day, taken at an average over a certain period. The alternative method of taking the 1914 value, treating it as a gold value, and translating it into gold marks by means of a co-efficient to represent the increase in gold prices, was also well worthy of consideration.

(2) Material damage which had already been repaired, and for which the claims for compensation should be based on national monies actually disbursed. The proper rate to be taken would appear to be the rate at the time the money has been spent.

(3) Compensation in respect of material losses, estimated at their market values as at the time of loss. It was suggested that the right basis was to take the market value in national currency, and to convert it into gold marks at the rate of exchange at the time the loss was suffered.

(4) Compensation in respect of monetary losses, such as, for instance, fines and levies.

(5) Compensation in terms of money not possible of precise valuation, such as compensation for loss of life.

These two categories were claims in national currencies, francs, pounds or dollars, which could be satisfied by repayment of the same number of francs, pounds or dollars, at the rate of exchange at the time the debt was established.

A special treatment was suggested for separation allowances in the following words :

> " With regard to Separation Allowances, if this was a question of the reimbursement of a sum of money expended, the principle would be the same as for other debts. The position, however, was different. The Treaty laid down that the scales in force in France must be adopted, not as being equivalent to the actual expenditure by France, but as representing the measure of economic support in commodities, which had been

* The American Delegate, temporarily withdrawn from the Commission at this time, was in substantial agreement on the majority of points.

given to the dependents of mobilised men. It would, therefore, be fair to take the French commodity scale as indicated by the French allowances and assume that these allowances represented a certain amount of commodities for sustenance, etc., and it was reasonable that the claims for these Separation Allowances should be more favourably treated than other money debts. . . . . The amount claimed should be divided by the number of years during which the allowance had been paid, and the yearly average thus arrived at should be converted at an arbitrary rate calculated on an intermediate average between the average rate of the year during which the allowance was paid and the current rate of exchange."

In the circumstances of the case it is necessary to leave the reader with this general indication of the various ways in which the problem of expressing all the claims into gold marks was susceptible of treatment.

IV.

It remains to note certain decisions taken by the Commission on questions of principle or on important questions of fact.

Under Article 232 of the Treaty a Power is only entitled to claim against Germany for damage done during the period of its belligerency as an Allied or Associated Power against Germany. The Commission was thus called upon to decide a series of questions as to the belligerency within the meaning of the Treaty of various Powers and the date at which such belligerency began.

It should be noted that a state of belligerency need not necessarily demand a formal declaration of war. The Commission formally interpreting the Treaty decided that the period of belligerency mentioned in Article 232 was the period during which a state of war was in fact or in law in existence.

In the cases of Poland and Czecho-Slovakia the question arose whether these States were ever Powers during the period of the war.

(*a*) In the case of Poland, no doubt arose in the minds of the Commission that Poland could not have constituted an independent State during the war, and the Commission came to the conclusion that any claim which Poland might have must be limited to such claim as could be sustained under Article 116 of the Treaty on the ground that part of Poland was during the war a part of Russia. It accordingly decided to transmit the claims received from the Polish Government with the following statement: "The Reparation Commission transmit to the German Government, with a view to their examination and subsequent settlement in accordance with the terms of Article 116 of the Treaty of Versailles, the attached claims for damages received by it from the Polish Government."

(*b*) The question appeared to be more doubtful in the case of Czecho-Slovakia, in that it was contended that there was evidence to show that Czecho-Slovakia had ben treated by the Allied Powers as a nation at war with the Central European Powers, while the German forces had concluded a truce with Czecho-Slovakian forces after the Treaty of Brest-Litovsk. The Commission was advised that the existence of Czecho-Slovakia as a Power could only date from the time when it possessed the necessary conditions of the constitution of a State, *i.e.*, an independent territory, an independent population and an independent sovereignty. After hearing arguments on the subject from the Czecho-Slovakian Delegate and the German Delegation, the Commission arrived at the conclusion that the period during which Czecho-Slovakia was in a state of war with Germany within the meaning of Article 232 should be considered as having begun on the 28th October, 1918.

(*c*) Italy declared war on Austria-Hungary on the 23rd May, 1915, broke off diplomatic relations with Germany on the 24th May, 1915, and formally declared war upon Germany on the 28th August, 1916. It was not denied that in the interval between the breaking off of diplomatic relations and the declaration of war, hostilities had taken place. From the practical standpoint it was not the amount of damage which Germany had inflicted between the two dates which was of importance. Throughout the interval in question, Italy had been waging war against Austria. A decision that she was not at war at that time with Germany would free that Power from all responsibility for the damages incurred in the interval, since, under the terms of Article 232, Germany was not responsible for damages inflicted by her allies upon Powers against whom Germany herself was not belligerent; but such a decision would leave Austria and Hungary responsible for all damage suffered by Italy within the period in question.

After argument from the two parties principally interested, the Commission arrived at the decision that the period of Italy's belligerency with Germany should be considered as having begun on the 27th May, 1915.

(*d*) The case of Greece was complicated by the existence before the formal entry into war of the Central Greek Government, of a provisional Government in Salonica which finally prevailed over the Government of King Constantine and, it was contended, should on that account be considered as having been legitimate from the time of its constitution. The Commission was advised that in International law, it was impossible to consider that the acts of the Salonica Government before June, 1917, legally involved the belligerence of Greece without admitting that somehow there existed two States of Greece, the official neutral Greece of King Constantine, and the belligerent Greece of Salonica, and was further advised that Greece was in a state of war with Germany from the

time that the Government of King Alexander, having adopted the policy of the Salonica Government, took over on its own account the hostilities which that Government did and could undertake in its own name only and not in the name of Greece.

The Commission, acting upon this advice, decided that the period of Greece's belligerency began on the 27th June, 1917.

(*e*) Portugal declared war upon Germany on the 9th March, 1916. It was alleged, however, that certain fighting took place as early as August, 1914, in the Portuguese Colonies in Africa. On the other hand it appeared that Portugal had not even broken off diplomatic relations with Germany before March, 1916.

The Commission decided that the Portuguese period of belligerency began on the 9th March, 1916.

(*f*) The Commission decided that Peru had never been in a state of belligerency with Germany within the meaning of Article 232.

To the above enumeration we may add the case of Bolivia and Haiti which, though not declared to have had no period of belligerency within the meaning of the Treaty, were found by the Commission to have suffered no damage in respect of which reparation was due by Germany.

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The following decisions of principle were taken on the claims in respect of pensions and compensations in the nature of pensions:

(*a*) That the administrative expenses connected with pensions and with compensations in the nature of pensions were not included in the damage for which compensation might be claimed.

(*b*) That compensations in the nature of pensions, within the meaning of paragraph 5 of Annex I, should not necessarily have the character of fixed cash payments to be repeated at regular intervals;

that the following categories of damages should be deemed compensation in the nature of pensions within the meaning of paragraph 5 of Annex I to Part VIII of the Treaty of Versailles;

(1)—the cost of medical and surgical aid and prosthetic apparatus, furnished to naval and military pensioners, after their discharge from the army, as provided by the French Pensions Law;

(2)—the expense (other than administrative expenses) of the National Bureau of the Mutilated and Disabled Victims of the war, in so far as they represented compensations in kind to military victims of the war;

(3)—the cost of the maintenance of those wards of the nation who were children of military victims;

(4)—annual allowances to the unmarried wives of deceased or missing mobilised men;

(5)—pecuniary indemnities and additional allowances paid to the families of deceased or missing members of the naval and military forces, in so far as they represented a compensation for the dependents of such deceased or missing members and not an equivalent of a discharge bonus which would have been granted to soldiers who survived;

(*c*) that, in computing the amount of damage which an Allied Power other than France was entitled to claim under paragraph 5 of Annex I, the internal legislation of that Power should be deemed immaterial. Each Allied Power was therefore authorised to demand reparation for all categories of pensions and compensations in the nature of pensions allocated by the French law, and for those categories only;

that Italy might incorporate in the claims to be presented by her, in virtue of paragraph 5 of Annex I, a claim on account of pensions for disablement amounting to from 10 per cent. to 30 per cent., although under Italian law pensions amounting to less than 30 per cent. were not provided for;

(*d*) that the Allied Powers would have the right to claim compensation on the basis of the French Colonial scale, as if they had applied the French law for pensions and compensation in the nature of pensions which they had paid to their coloured Colonial troops. This rule would not apply to the regular troops of the British Dominions and of British India, for whom the pensions and compensation in the nature of pensions would be calculated on the basis of scales fixed by the French Law of the 31st March, 1919;

(*e*) that (*i*) Service pensions, granted by an Allied Power during the war to officers and soldiers who had reached the age limit, should not figure on the lists of pensions presented to Germany by such Allied Power;

(*ii*) with regard to pensions granted to regular officers, victims of the war, and their dependents, the Allied and Associated Powers could only claim from Germany such increases as were granted on the basis of the French scale in respect of death or disablement caused by the war, the amount granted in respect of length of service remaining incumbent on the Allied and Associated Powers.

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Certain doubts arose as to the interpretation of paragraph 7 of Annex I which provides for claims in respect of separation allowances, defined in the following words:

"Allowances by the Governments of the Allied and Associated Powers to the families and dependents of mobilised persons

or persons serving with the forces, the amount due to them for each calendar year in which hostilities occurred being calculated for each Government on the basis of the average scale for such payments in force in France during that year."

" Allocations données par les Gouvernements des Puissances alliées et associées aux familles et autres personnes à la charge des mobilisés ou de tous ceux qui ont servi dans l'armée; le montant des sommes qui leur sont dues pour chacune des années au cours desquelles des hostilités se sont produites sera calculé, pour chacun desdits Gouvernements, sur la base du tarif moyen appliqué en France, pendant ladite année, aux paiements de cette nature."

The text is not clear as to the terminal date for this category of claim. Separation allowances did not cease to be paid on the 31st December, 1918. Was it possible to claim for allowances paid up to the coming into force of the Treaty, or in laying down the scale on which claims were to be based for the years 1914-1918 did the Treaty imply that claims were not to be entertained in respect of a subsequent year? In this connection was " hostilities " a term which could certainly not be applied to the Armistice period? Was any importance to be attached to the fact that the English text speaks of " calendar year " and the French text " year," *i.e.* in the French text possibly a year which runs from the date of the outbreak of hostilities? If claims were to be allowed in respect of the period after the 31st December, 1918, was the omission to provide for the scale on which they could be claimed deliberate, or was it merely due to the fact that the framers of the Treaty had not anticipated so long an interval between the Armistice and the coming into force of the Treaty?

The Commission in formally interpreting the Treaty decided that the allowances provided for included those granted by each Allied and Associated Power between the date of the commencement of the belligerency as an Allied and Associated Power against Germany and the 31st December, 1918. It will be observed that the decision is silent as to the later period. It would not have been possible to secure unanimity on the point of interpretation and as a result individual Delegates maintained their liberty to include or exclude sums representing such claims in their own estimates for damages.

The Commission, in deciding as a matter of interpretation that the phrase " average scales in force in France," had to be considered a standard scale and not a maximum, disposed of a German contention that where the rate of separation allowances paid by a Power was lower than the French scale, a claim could not be made upon Germany on the basis of the latter.

The Commission further decided as a matter of interpretation :

(1) that the words " mobilised persons " or " persons serving with the Forces " included Colonial troops of each of the Allied and Associated Powers;

(2) that France was entitled to include in her list of allowances for which compensation or damages were claimed, those allowances which would have been paid under French legislation to mobilised officials if those officials had not continued to receive their civilian salary during the period for which they were mobilised;

(3) that the Allied and Associated Powers were not entitled to demand repayment of allowances made to the chiefs of native troops.

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Paragraphs 2, 3, and 4 of Annex I deal with different categories of personal damage suffered by the civilian population and thereon the following decisions were taken:

(*i*) that the right to reparation under these paragraphs existed even in cases where the survivors were not dependent on the victims;

(*ii*) that Germany owed compensation under the terms of paragraphs 2 and 3 of Annex I only for those damages which were the direct consequences of the acts stipulated in these paragraphs;

(*iii*) that in order that damage suffered by a prisoner of war as a result of maltreatment should give rise to a claim for reparation, it would be necessary

(*a*) that incapacity to work should have been the consequence of maltreatment;

(*b*) that such incapacity for work should have subsisted after liberation;

(*iv*) that the expenses of subsistence of ex-prisoners should be charged to Germany under the terms of paragraph 6 in so far as sums thus disbursed were, with or without an intermediary, obtained from public funds;

(*v*) that deprivation in respect of nourishment and clothing constituted " maltreatment of prisoners of war " within the meaning of paragraph 4 and that the damage caused should be valued according to the consequences of such treatment on the life or on the health of the victim.

A considerable number of decisions, of which only the more important will be cited, were taken in relation to property claims. In the first place a general decision of far reaching importance was taken respecting the admissibility of claims for the loss of enjoyment in the following terms: " The Commission, formally interpreting the Treaty of Versailles, took the following decision: Annex I to Part VIII of the Treaty authorises claims on behalf of the Allied and Associated Powers for the value of property carried off, seized, injured or destroyed by the acts of Germany or her Allies or damaged as a direct result of hostilities or operations of war by either group of belligerents; but does not authorise claims either

for interest on the sum representing the amount of the loss or the value of the damage done or for compensation for the loss of enjoyment of or profit from the property affected or for supplementary expenses incurred in order to get the advantages which normally would have been obtainable from the property. This decision does not, however, either :

(a) affect the right of the Commission under the second paragraph of clause 16 of Annex II, Part VIII of the Treaty in certain cases to take account of interest due on sums arising out of the reparation of material damage as from November 11th, 1918, up to May 1st, 1921;

(b) exclude claims for

(1) value of goods or services supplied to the German forces or consumed directly on the orders of the Germans; or

(2) deterioration resulting from the impossibility of maintaining a property in the zone of hostilities."

The above decision makes two reservations. The first refers to the second sub-paragraph of paragraph 16 of Annex II to the reparation chapter which provides that the Commission " in fixing on May 1st, 1921, the total amount of the debt of Germany may take account of interest due on sums arising out of the reparation of material damage, as from November 11th, 1918, up to May 1st, 1921." (" La Commission, en fixant au 1er mai 1921 le montant global de la dette le l'Allemagne, pourra tenir compte des intérêts dus sur les sommes afférentes à la réparation des dommages matériels à partir du 11 novembre 1918 jusqu'au 1er mai 1921.")

A very little consideration suffices to show that this provision is not easy to interpret, " interest due on sums arising out of " being an expression wanting in precision.

The questions which arose regarding the text were the following—

(*a*) did it mean that interest might be allowed on the sums which represented the material damage for which Germany had to make compensation under Article 232 and Annex I? or

(*b*) did it mean that interest might be allowed only on that part of such material damage as was represented by sums actually expended for that purpose before the 1st May, 1921? or

(*c*) did it mean that interest might be allowed only on sums borrowed for the purpose of repairing material damage?

The adoption of one or other of these views would obviously involve apparent inequalities. It will be noticed moreover that the Commission was under no obligation to take account of the interest but merely empowered so to do.

The Commission was ultimately led, formally interpreting the Treaty, to decide that " in determining the amount for which Germany was required to make compensation under Article 232 of the Treaty of Versailles, the Commision was prepared to take into account interest in respect of the period from the 11th November, 1918, to the 1st May, 1921, on all sums which represented the material damage for which Germany must make compensation under Article 232 and Annex I, irrespective of the consideration as to whether these damages had or had not been effectively repaired before the last of the above-mentioned two dates."

As regards the second part of the second reservation, the Commission formally decided that when a property had been damaged because hostilities or war operations had rendered repair or upkeep physically impossible, even though no actual attack had been made on the damaged property, the deterioration suffered constituted a direct consequence of hostilities or war operations and its reparation was a charge on Germany.

The following decisions related to property not occupied by buildings :

(*i*) that the amount of the rent paid by the farmer for the year during which the land had lain fallow for purposes of refertilising could not be charged to Germany under paragraph 9, Annex I;

(*ii*) that the damage caused to orchards, plantations, vineyards, etc., should be valued at the cost of replanting, plus the difference between the value which the orchards, plantations, vineyards, etc., would have had now if they had not been damaged, and the present actual value after replanting;

(*iii*) that the damage sustained by lands having suffered a definite diminution of productivity should be valued at the expense of reconstruction plus the difference between the value which these lands would have had now if they had not been damaged, and their present market value after reconstruction;

(*iv*) that the damage to lands having suffered a total loss of productivity would be valued at the value which such lands would have had now, if they had not been damaged. This value would be arrived at by multiplying the market value of 1914 by an appropriate co-efficient.

The following decisions related to damages to property occupied by buildings :

(*i*) that the amount of capital depreciation of the sites of destroyed buildings could not be charged to Germany;

(*ii*) that in the valuation of the costs of reparation and reconstruction of properties situated in the invaded and devastated areas, no deduction should be made on account of the difference in value between the old property which had been destroyed and the new property which was to be constructed to replace it; on the other hand, a deduction should be made on account of all structural improvements made at the time of reconstruction.

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The following decisions were taken on damages arising at sea:

that the following categories of vessels should be considered as "naval and military material" in the sense of paragraph 9 of Annex I*:

(*a*) all vessels employed for offensive operations, whatever the ownership of the vessels;

(*b*) vessels which were the property of the naval administration of any of the Allied and Associated Powers and were used in connection with operations of war, whether offensive or defensive;

that cargoes should be classed as "military and naval material" within the meaning of paragraph 9, Annex I, if they reached a state of manufacture which would limit their economic use to war purposes or use both for war and civic purposes if directly consigned to theatres of war for the use of forces†;

that prize vessels properly so called should be treated in the same manner as other vessels;

that Germany was liable for damage to German ships detained in Allied ports at the outbreak of hostilities and ultimately condemned by prize court decrees, whether those decrees were rendered before or after the 10th January, 1920;

that losses resulting from ordinary perils of the sea should be excluded;

that the Powers concerned would be entitled to claim for all the tonnage of missing vessels corresponding with the percentage paid by the War Risks Associations as applicable to war losses;

that the nationality of the vessel should be determined by the flag under which it was sailing at the time of loss or damage. Time chartered neutral vessels in respect of which compensation was paid by the claiming Power might also be included, though not sailing

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* Therefore not a proper subject for claims.

† The recorded decision is textually quoted. The meaning of the concluding phrase is clearer in the French text: "Les cargaisons sont classées comme matériel militaire et naval.....si, pouvant servir à d'autres usages, elles sont envoyées directement sur le théâtre des opérations à destination des armées."

under the flag of the Power in question. The sums paid by any Power in respect of the loss of a vessel flying the flag of another Power whilst in its service should be treated as a claim on the part of the first Power. The claim of the second Power should be the difference between the value of the vessel and the sums so paid.

In addition to the questions alluded to above, the Reparation Commission had other important decisions to make, and in particular to lay down general rules of valuation : for instance to determine categories of persons entitled to receive pensions, separation allowances, etc. ; methods of assessment of damage to buildings, land, immovables, ships; compensation for requisitions, etc.

CHAPTER IV.

FINANCIAL CLAUSES.

PART IX.

(Articles 248-263 of the Treaty of Versailles).

Articles 248, 251, 254, 255, 256, 259 and 260 of the Treaty of Versailles, which fall within the financial clauses, specifically impose certain duties of execution upon the Reparation Commission; further, as already explained in Chapter I, the Commission received a general mandate from the Allied Powers interested for the execution on their behalf of the other clauses of Part IX of the Treaty. A considerable amount of administrative work has thus been thrown upon the Commission, the details of which would not be of public interest. It will, however, not be out of place to give an outline of the work performed by the Commission under the Articles above mentioned with the administration of which it is specifically entrusted by the Treaty.

I.

ARTICLES 248 AND 251.

248. " Subject to such exceptions as the Reparation Commission may approve, a first charge upon all the assets and revenues of the German Empire and its constituent States shall be the cost of reparation and all other costs arising under the present Treaty or any treaties or agreements supplementary thereto or under arrangements concluded between Germany and the Allied and Associated Powers during the Armistice or its extensions."

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248. " Sous réserve des dérogations qui pourraient être accordées par la Commission des Réparations, un privilège de premier rang est établi sur tous les biens et ressources de l'Empire et des Etats allemands, pour le règlement des réparations et autres charges résultant du présent Traité, ou de tous autres traités et conventions complémentaires, ou des arrangements conclus entre l'Allemagne et les Puissances alliées et associées pendant l'Armistice et ses prolongations."

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251. " The priority of the charges established by Article 248 shall, subject to the qualifications made below, be as follows:

(*a*) The cost of the armies of occupation as defined under Article 249 during the Armistice and its extensions;

(*b*) The cost of any armies of occupation as defined under Article 249 after the coming into force of the present Treaty;

(*c*) The cost of reparation arising out of the present Treaty or any treaties or conventions supplementary thereto;

(*d*) The cost of all other obligations incumbent on Germany under the Armistice Conventions or under this Treaty or any treaties or conventions supplementary thereto.

The payment for such supplies of food and raw material for Germany and such other payments as may be judged by the Allied and Associated Powers to be essential to enable Germany to meet her obligations in respect of reparation will have priority to the extent and upon the conditions which have been or may be determined by the Governments of the said Powers."

251. " Le privilège établi par l'Article 248 s'exercera dans l'ordre suivant, sous la réserve mentionnée au dernier paragraphe du présent article :

(*a*) Le coût des armées d'occupation, tel qu'il est défini à l'Article 249, pendant l'Armistice et ses prolongations ;

(*b*) Le coût de toutes armées d'occupation, tel qu'il est défini à l'Article 249, après la mise en vigeur du présent Traité ;

(*c*) Le montant des réparations résultant du présent Traité ou des traités et conventions complémentaires ;

(*d*) Toutes autres charges incombant à l'Allemagne en vertu des Conventions d'armistice, du présent Traité ou des traités et conventions complémentaires.

Le payement du ravitaillement de l'Allemagne en denrées alimentaires et en matières premières et tous autres payements à effecteur par l'Allemagne, dans la mesure où les Gouvernements alliés et associés les auront jugés nécessaires pour permettre à l'Allemagne de faire face à son obligation de réparer, auront priorité dans la mesure et dans les conditions qui ont été ou pourront être établies par les Gouvernements alliés et associées."

The Commission has therefore

(i) to ensure that German resources which would be available for the payment of the costs arising under the Treaty are not alienated ;

(ii) to ensure that German resources are used to meet the costs arising under the Treaty and in the order of priority laid down ;

(iii) to give or withhold approval to any proposal which involves giving priority to a charge not arising under the Treaty.

The Commission's powers under this article have in general been delegated since May, 1921, to the Committee of Guarantees by Article 7 of the Schedule of Payments.*

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* *See* page 148.

The execution of (ii) has not given rise to important decisions of principle.

As regards (i) and (iii) a considerable number of transactions proposed or effected by Germany have been examined, and various decisions have been given affecting priority. The following instances may be given :

(*a*) ARTICLE 296 and paragraph 11 of Annex to this Article Balance of Operations between the Clearing Offices.

Article 296 of the Treaty deals with the settlement of debts between German nationals and Allied nationals. It provides for the establishment of a Clearing House system under which the amounts due by German nationals shall be collected from those nationals by the German Government, and the amounts due to German nationals by the Governments of the debtors. The amounts collected by the German Clearing Office and the respective Allied Clearing Office are set off against each other. If the amount due to German nationals is insufficient to cover the debts of German nationals, the balance is paid at monthly intervals by the German Government. In the contrary case the eventual balance* due to Germany is reckoned as a credit in respect of Germany's reparation obligations.

The adoption of this system is optional under the terms of the Treaty for each of the Allied and Associated Powers concerned, but the Government of any country which adopts it becomes responsible for the payment of all debts due by its nationals (a reciprocal obligation being automatically imposed upon Germany) except " in cases where the debtor was a pre-war bankrupt, had failed to meet his obligations, or was in a declared state of insolvency, or if the debt was due by a company which was liquidated during the war in accordance with special war legislation."

Subject to certain insignificant exceptions, debts due to the nationals of the Allied and Associated Powers are to be paid either in the respective currencies of those Powers, or, if the debts are expressed in another currency, they are to be converted into the currency of the country concerned at the pre-war rate of exchange.

At the beginning of 1921 the attention of the Commission was called to the fact that the German Government was not collecting the full amounts due by German debtors under the above provisions, but was in part drawing upon its own resources to meet the monthly payments made to the Allied Clearing Offices. It appeared in fact that under the German law regulating these transactions the German Government called upon the German debtor to pay only a number of marks equal to the number of gold marks which before the war would have sufficed for the payment of the debt.

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* The eventual balance is affected by claims under Article 297 for liquidations of property, a complication of which it is unnecessary to take account in the present discussion.

The Reparation Commission, on the 11th February, 1921, informed the German Government that, while it would not have been disposed to raise any difficulties if the charge upon German State funds had been limited to making good the inability of individual debtors to pay or to establishing general measures for the assistance of the German commercial community, it could not view with indifference legislation the effect of which was to place upon German funds, in priority to the reparation obligations of Germany, a liability contemplated by the Treaty as incumbent upon private individuals only. The Commission therefore invited the earnest attention of the German Government to the question with a view to a modification of the provisions of the law to which reference is made above, which had the effect of granting special conditions to certain German subjects at the expense of the fulfilment of the reparation obligations of Germany.

On the 31st March, 1921, the German Government forwarded a note explaining that, in the opinion of the German Government, the provision that the nominal amount of a German debtor's liability in marks should be paid in foreign currency at the pre-war rate of exchange, thus increasing many times the size of the debt, imposed a burden upon individual German debtors which was not consistent with justice. For this reason, only the German debtor's nominal liability was claimed, but the expense to the German Government was considerably diminished by the fact that German creditors for marks received only the nominal amount of their claims, and thus only part of the amounts credited to the German Clearing Office in respect of them. Where the German debtor owed foreign currencies, he paid as a minimum the pre-war equivalent in marks, but in all cases an investigation was carried out to ascertain if the debtor was entitled to any assets in foreign currency dating from before the war, the value of which expressed in marks had since increased. Wherever this was the case, the sum payable by the debtor to the Clearing Office was increased by the amount of this increase in value until the present exchange of his debt was reached.

The German Government explained that, generally speaking, it had been forced to adopt these measures in consideration of the fact that strict insistence upon the payment of the sums due to the Allied Clearing Offices would have resulted in an overwhelming number of cases in the bankruptcy of the debtor, in which event the liability would in any case have been shouldered under the Treaty by the German Government.

At that date, after considering these explanations, the Commission did not feel justified in insisting upon a modification of the law, and it confined itself to asking for a quarterly statement of the contributions made each month by the German Exchequer towards the settlement of the operations of the Clearing Office in consequence of the law in question.

On the 10th June, 1921, an agreement was entered into between the Allied Clearing Offices and the German Government which settled the monthly payments to be made by Germany to these Offices. This agreement was denounced by the Allied Governments in August, 1922, in view of Germany's failure to make the payment due on the 15th August.

The Directors of the Allied Clearing Offices, in order to deal with the new situation, subsequently framed certain proposals which they submitted to the Reparation Commission before opening negotiations with the German Government.

The Reparation Commission, on the 25th September, 1922, noted these proposals, but in view of the priority which the costs of reparation enjoy under the Treaty of Versailles over the payments to the Allied Clearing Offices, the Commission did not regard it as possible, before the reparation payments for the period following the 31st December, 1922, had been determined and secured, to enter into any definite engagement as to the measure in which it would be prepared to grant an exception under Article 248 of the Treaty in favour of the payments to the Clearing Offices. It recognised, however, the serious inconveniences which would arise from a complete suspension of the Clearing Office payments and accepted the principles of allowing them to proceed *pari passu* with reparation payments, under conditions which would ensure such a proportion between the Clearing Office and reparation payments as might appear to be equitable from time to time.

The Commission raised no objection to the Directors of the Clearing Offices proceeding provisionally with their negotiations with the German Government upon the lines proposed by them on the understanding that :

(1) the amount of the monthly cash payment made by Germany to the Allied Clearing Offices would be subject to revision from time to time if the Commission so directed ;

(2) that the charge against German Government revenues and assets enjoyed by any bonds issued by the German Government in respect of the difference between the aggregate monthly liability and the cash payments from time to time was subject to the priority of the costs of reparation, and

(3) that any agreement arrived at would be submitted to the Commission for approval before it was made definitive.

The agreement which has been negotiated between the Directors of the Allied Clearing Offices and the German Government has recently been submitted to the Reparation Commission for approval and is at the time of writing under consideration.

(*b*) The Commission was informed on the 27th June, 1921 that a Treaty of Peace had been concluded between the Chinese and German Governments under which the latter agreed to pay 3 million

silver dollars for the expenses of internment of German prisoners of war, and, as reparation, 4 million silver dollars in cash, together with half the value of German property already liquidated in China and half the value of German property sequestrated in China, this last amount being payable in certain Chinese railway bonds in the possession of Germany.

China was not a signatory of the Treaty of Versailles, and, in the absence of any arrangement with the Reparation Commission, not therefore entitled to the first charge over German assets granted by Article 248.

The Commission, therefore, again drew the attention of the German Government to the fact that, under Article 248, it had no authority to enter into such an agreement without the previous consent of the Commission to the financial clauses. While it consented to the payments being made, the Commission required the German Government to pay to the Commission, on reparation account, the proceeds of the realisation of the Chinese securities or the securities themselves, in so far as they were not required under the Treaty with China or had not been realised for the purchase of foodstuffs.

(*c*) Complicated legal questions arose in the consideration of the payment of the costs, which fell upon Germany, of the Inter-Allied Commissions of Control. The question may be asked whether these costs fall within the category contained in Article 251 (*d*), as above quoted, of charges ranking after reparation. On the other hand it may be asked whether the powers which the Commission holds under Article 248 admit of the grant of priority to an obligation provided for in the Treaty as they admit of the grant of such priority, by way of exception, to other payments. But the Commissions of Control were in many respects analogous to the Armies of Occupation, and in these circumstances, the Commission felt it unnecessary to solve the legal questions thus raised, and confined itself to deciding, on the 18th October, 1921, that the costs of the Commissions of Control could be included among those of the Armies of Occupation.

(*d*) At a later date the Commission, acting through the Committee of Guarantees, was called upon to formulate a more general principle in considering the question whether agreements entered into by Germany to pay compensation, for example, for neutral ships sunk during the war, or to reimburse loans contracted in neutral countries, required the consent of the Commission under Article 248.

In the course of a correspondence on this subject, the German Government undertook to conclude no new arrangements to satisfy foreign claims not arising under the Peace Treaty and not bringing any corresponding assets to the Reich, and to effect no payments even in execution of arrangements already entered into, without having secured the previous concurrence of the Committee of Guarantees.

In taking note of this assurance the Committee of Guarantees declared that it understood it to mean that the German Government would in future obtain the consent of the Committee of Guarantees before entering into any agreement with any foreign Government or institution which involved the alienation, total or partial (including any transaction by way of mortgage or charge), of any asset of the German Government, or making any payment of like nature in virtue of existing agreements.

The German Government subsequently submitted certain proposals for payments to neutrals in respect of vessels sunk during the war, and authority was withheld.

II.

Articles 254 to 256.

Distribution of the German Public Debt.

These Articles regulate the manner in which the Powers to which German territory is ceded under the Treaty shall be charged with a proportionate amount of German debt and pay for German State properties within the territory ceded.

The Powers concerned are Denmark, Belgium, the Free City of Danzig, Poland and Czecho-Slovakia. France is specially exempted in respect of Alsace-Lorraine; the Saar area and the territory of Memel will only fall within the scope of the Articles if they are permanently separated from Germany.

Only in the case of Denmark have the above provisions been executed at the time of the writing of this report. In that case, by an agreement concluded on the 16th December, 1920, between the Reparation Commission, Denmark and Germany, a lump sum of 65 million gold marks was paid by the Danish Government in respect both of debt and of State properties.

The fixation of this sum by agreement made it unnecessary to settle a certain number of questions of principle which have arisen when considering the application of the Articles to the other parties concerned. On some of these questions an agreement has already been arrived at between all the parties interested. Others, however, await a determination by the Commission and a considerable amount of work remains to be done in regard to valuation. Any full account, therefore, of the administration of the Articles can more usefully be held over until the work has reached the stage which admits of a comprehensive report.

III.

Article 259.

"1. Germany agrees to deliver within one month from the date of the coming into force of the present Treaty, to such authority as the Principal Allied and Associated Powers may

designate, the sum in gold which was to be deposited in the Reichsbank in the name of the Council of the Administration of the Ottoman Public Debt as security for the first issue of Turkish Government currency notes.

2. Germany recognises her obligations to make annually for the period of twelve years the payments in gold for which provision is made in the German Treasury Bonds deposited by her from time to time in the name of the Council of the Administration of the Ottoman Public Debt as security for the second and subsequent issues of Turkish Government currency notes.

3. Germany undertakes to deliver, within one month from the coming into force of the present Treaty, to such authority as the Principal Allied and Associated Powers may designate, the gold deposit constituted in the Reichsbank or elsewhere, representing the residue of the advance in gold agreed to on May 5, 1915, by the Council of the Administration of the Ottoman Public Debt to the Imperial Ottoman Government.

4. Germany agrees to transfer to the Principal Allied and Associated Powers any title that she may have to the sum in gold and silver transmitted by her to the Turkish Ministry of Finance in November, 1918, in anticipation of the payment to be made in May, 1919, for the service of the Turkish Internal Loan.

5. Germany undertakes to transfer to the Principal Allied and Associated Powers, within a period of one month from the coming into force of the present Treaty, any sums in gold transferred as pledge or as collateral security to the German Government or its nationals in connection with loans made by them to the Austro-Hungarian Government.

6. Without prejudice to Article 292 of Part X (Economic Clauses) of the present Treaty, Germany confirms the renunciation provided for in Article XV of the Armistice of November 11, 1918, of any benefit disclosed by the Treaties of Bucharest and of Brest-Litovsk and by the treaties supplementary thereto. Germany undertakes to transfer, either to Roumania or to the Principal Allied and Associated Powers as the case may be, all monetary instruments, specie, securities and negotiable instruments, or goods, which she has received under the aforesaid Treaties.

7. The sums of money and all securities, instruments and goods of whatsoever nature, to be delivered, paid and transferred under the provisions of this Article, shall be disposed of by the Principal Allied and Associated Powers in a manner hereafter to be determined by those Powers."

" 1. L'Allemagne s'engage à transférer dans le délai d'un mois à compter de la mise en vigueur du présent Traité à telles autorités, qui pourraient être désignées par les Principales

Puissances alliées et associées, la somme en or qui devait être déposée à la Reichsbank au nom du Conseil d'administration de la Dette publique ottomane comme garantie de la première émission de billets de monnaie du Gouvernement turc.

2. L'Allemagne reconnaît son engagement d'effectuer annuellement pendant une période de douze ans les payements en or qui sont stipulés sur les bons du Trésor allemand déposés par lui à diverses époques au nom du Conseil d'administration de la Dette publique ottomane comme garantie de la seconde émission de billets de monnaie du Gouvernement turc et des émissions subséquentes.

3. L'Allemagne s'engage à transférer dans le délai d'un mois à compter de la mise en vigueur du présent Traité à telles autorités qui pourraient être désignées par les Principales Puissances alliées et associées de dépôt d'or constitué à la Reichsbank ou ailleurs en contre-partie du reliquat de l'avance en or consentie le 5 Mai 1915 par le Conseil d'administration de la Dette publique ottomane au Gouvernement impérial ottoman.

4. L'Allemagne s'engage à transférer aux Principales Puissances alliées et associées les droits qu'elle peut avoir sur la somme en or et argent transmise par lui au Ministère turc des finances en novembre 1918 comme provision pour le payement échéant en mai 1919 pour le service de l'emprunt turc intérieur.

5. L'Allemagne s'engage à transférer, dans le délai d'un mois à compter de la mise en vigueur du présent Traité, aux Principales Puissances alliées et associées toutes sommes en or transférées à l'Allemagne ou à ses ressortissants à titre de gage ou de collatéral, à l'occasion des prêts faits par l'Allemagne ou ses resortissants au Gouvernement austro-hongrois.

6. L'Allemagne confirme sa renonciation, prévue par l'Article XV de l'Armistice du 11 novembre 1918, au bénéfice de toutes les stipulations insérées dans les Traités de Bucarest et de Brest-Litovsk et traités complémentaires, sans qu'il soit porté atteinte à l'Article 292, Partie X (Clauses économiques) du présent Traité. Elle s'engage à transférer respectivement soit à la Roumanie, soit aux Principales Puissances alliées et associées tous instruments monétaires, espèces, valeurs et instruments négociables ou produits, qu'il a reçus en exécution des Traités susdits.

7. Les sommes en espèces et instruments monétaires, valeurs et produits quelconques qui doivent être livrés, payés ou transférés en vertu des stipulations du présent article, seront employés par les Principales Puissances alliées ou associées suivant des modalités à déterminer ultérieurement par lesdites Puissances."

Action taken by the Commission under certain paragraphs of this Article may be briefly noted.

Paragraph 1.

A sum of 57,919,687.34 gold marks was transferred by the German Government to the Banque de France on the 11th February, 1921, and is now on deposit there in the name of the Reparation Commission for the joint account of the Allied and Associated Powers. This sum represents the amount, as at the time of the signature of the Treaty, of the security referred to in paragraph 1.*

Paragraph 3.

A sum of 51,378 Turkish Pounds (gold) and 33.37-1/2 silver piastres, representing the residue when the Treaty was signed of an advance of 400,000 Turkish pounds granted on the 5th May, 1915, by the Council of Administration of the Ottoman Public Debt to the Imperial Ottoman Government, was transferred by the Reichsbank to the Banque de France on the 25th January, 1921, as a deposit in the name of the Reparation Commission for the joint account of the Allied and Associated Powers.

On the 6th September, 1921, the Commission decided, in conformity with a resolution by the Conference of Ambassadors adopted in view of Article 254 of the Treaty of Sèvres, to transfer this deposit to the Council of Administration of the Ottoman Public Debt.

Paragraph 6.

According to statements made by the German Government the only transfer made by Russia under the Treaty of Brest-Litovsk was one of 93,596 kilogrammes of gold representing about 320,000,000 roubles; this gold was transferred by Germany in December 1918 and deposited in the Banque de France for the joint account of the Allied and Associated Powers pending a decision as to its disposal.

A claim by the Roumanian Government for restitution by Germany of 2,673,000,000 marks representing Bank notes issued by Germany in Roumania during the occupation was held not to fall under Article 259.

IV.

Article 260.

"Without prejudice to the renunciation of any rights by Germany on behalf of herself or of her nationals in the other provisions of the present Treaty, the Reparation Commission may within one year from the coming into force of the present

* This security was originally, according to agreements between the German Government and the Turkish Government, to be of 80,000,000 gold marks. The sum actually deposited, however, was 74,792,869.92 gold marks, the difference having been handed over direct by the German Government to the Turkish Government for various purposes. Moreover, this deposit was drawn on to a total amount of 16,873,182.58 gold marks by the administration of the Ottoman Debt between September, 1916, and November, 1918.

Treaty demand that the German Government become possessed of any rights and interests of German nationals in any public utility undertaking or in any concession operating in Russia, China, Turkey, Austria, Hungary and Bulgaria, or in the possessions or dependencies of these States or in any territory formerly belonging to Germany or her allies to be ceded by Germany or her allies to any Power or to be administered by a Mandatory under the present Treaty, and may require that the German Government transfer, within six months of the date of demand, all such rights and interests the German Government may itself possess to the Reparation Commission.

Germany shall be responsible for indemnifying her nationals so dispossessed and the Reparation Commission shall credit Germany, on account of sums due for reparation, with such sums in respect of the value of the transferred rights and interests as may be assessed by the Reparation Commission, and the German Government shall, within six months from the coming into force of the present Treaty, communicate to the Reparation Commission all such rights, and interests, whether already granted, contingent or not yet exercised, and shall renounce on behalf of itself and its nationals in favour of the Allied and Associated Powers all such rights and interests which have not been so communicated."

" Sans qu'il soit porté atteinte à la renonciation, par l'Allemagne, en vertu du présent Traité, à des droits lui appartenant ou appartenant à ses nationaux, la Commission des Réparations pourra, dans un délai d'un an à compter de la mise en vigueur du présent Traité, exiger que l'Allemagne acquière tous droits ou intérêts de ressortissants allemands dans toute entreprise d'utilité publique ou dans toute concession en Russie, en Chine, en Autriche, en Hongrie, en Bulgarie, en Turquie, dans les possessions et dépendances de ces Etats, ou sur un territoire qui, ayant appartenu à l'Allemagne ou à ses alliés doit être cédé ou administré par un mandataire en vertu du présent Traité ; le Gouvernement allemand devra, d'autre part, dans un délai de six mois à compter de la date de la demande, transférer à la Commission des Réparations la totalité de ces droits et intérêts et de tous les droits et intérêts que l'Allemagne peut elle-même posséder.

L'Allemagne supportera la charge d'indemniser ses ressortissants ainsi dépossédés et la Commission des Réparations portera au crédit de l'Allemagne, à valoir sur les sommes dues au titre des réparations, les sommes correspondant à la valeur des droits et intérêts transférés, telle qu'elle sera fixée par la Commission des Réparations. Le Gouvernement allemand, dans un délai de six mois à dater de la mise en vigueur du présent Traité, devra communiquer à la Commission des Ré-

parations la liste de tous les droits et intérêts en question, qu'ils soient acquis, éventuels, ou non encore exercés, et renoncera en faveur des Puissances alliées et associées, en son nom et en celui de ses ressortissants, à tous droits et intérêts susvisés qui n'auraient pas été mentionnés sur la liste ci-dessus."

On the 23rd February, 1920, the Commission decided to request the German Government to supply a list of the rights and interests referred to in Article 260, notifying it at the same time that it might not dispose of these rights and interests until the option held by the Commission under this Article had been exercised or abandoned.

The lists submitted by the German Government on the 9th July, the 30th August and 4th November, 1920, in response to these requests had been prepared in conformity with the German interpretation of Article 260, which gave this article a much more restricted scope than the interpretation admitted by the Commission. The Commission, in order to preserve its rights, took steps to contest the German interpretation. The matter was referred to an Arbitrator, as will be explained below.

Before the time limit expired (the 10th January, 1921) the Commission in a letter dated the 7th January called upon the German Government, pending specification of further rights and interests the transfer of which would be demanded when the necessary lists had been obtained, to sequestrate all those mentioned in the lists already transmitted and not to dispose of such of them as might be held by the German State. The German Government was also requested to take such steps as might be necessary to preserve rights and interests covered by the wider interpretation of Article 260.

On the 8th January, 1921, the Kriegslastenkommission stated that the German Government was agreed in principle with the terms of the Commission's letter of the 7th January.

On the 27th April, 1921, the Commission asked the German Government for a new list prepared in accordance with its interpretation of Article 260, and called for the transfer between the 1st June and the 10th July (later extended to the 31st August) of all rights and interests mentioned in the lists already submitted.

A first delivery of securities took place in September 1921 and was followed by two others, in April and October 1922, the result of which has been to place the Reparation Commission in possession of the major part of the rights and interests mentioned in the three German lists that have so far been supplied. Negotiations are proceeding in regard to doubtful or contested cases under these three lists. Those transferred, 1,395,233 in all*, have been committed to the custody of British, French, Italian and Belgian banks. Arrangements are now being made for the realisation of as many as possible of these securities.

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* *See* list printed in Appendix VIII, page 191.

It remained to settle the outstanding questions of interpretation. The Commission itself had no power as against the German Government to interpret Article 260, since it does not form part of the Reparation chapter of the Treaty. After consultation with the Allied Governments, and in agreement with the German Government, it was decided that all contested questions should be submitted to arbitration. The application of Article 260 to rights and interests which had not been considered by the German Government to fall under it, will consequently depend on the decision of the Arbitrator on the following questions:

1. Does Article 260 of the Treaty of Versailles apply to territory ceded under other treaties?

2. What is the meaning of the expression " public utility undertaking " as employed in Article 260?

3. Does the word " concession " as used in Article 260 include mines, such as coal mines, iron mines or other minerals and petroleum deposits? Does the reply to this question depend upon the law of the country where the mines or deposits are situated?

Does the word " concession " also include the right granted by a State to a private person or a company to exercise a monopoly of production or sale of some product, as in the case of the Turkish tobacco monopoly (régie des tabacs ottomans)?

4. Is there a " concession " within the meaning of Article 260 even if an undertaking has already been founded to work the concession, or does the existence of such an undertaking mean that the concession is absorbed by the undertaking with which it is indissolubly bound up, so that there can be no question of any cession under Article 260 unless the undertaking is one of public utility?

If the reply to the first part of this question is in the affirmative, what must be ceded if the undertaking also includes developments which are independent of the concession?

5. Does Article 260 equally apply to concessions, which by the terms of the grant or by the law of the State granting the concession, are not transferable, such as the concessions of local railways granted by the Prussian Government. If yes, how will the transfer of a non-transferable concession be effected if the German Government has no influence on the law of the State concerned?

6. Do the expressions " concession " and " public utility undertaking " as used in Article 260 include movable and immovable property employed in the working of the concession or undertaking?

7. Does Article 260 apply only to public utility undertakings, the head offices of which are in the territories referred to in that Article or do they apply also to those which have their head offices not in these territories but in some other country, Germany, for instance, although their works are in those territories?

8. What is to happen if an undertaking in addition to works in territories mentioned in Article 260 has other works in other territories?

9. Does Article 260 apply to the rights and interests owned by Germans in the Swiss Oriental Railway Company or any similar company, the chief, if not the only object of which is to act as a holding company for shares of railways situated in Turkey or in general for securities referred to in Article 260?

10. When a German company possesses a concession or public utility undertaking, is the transfer required by Article 260 a transfer of the concession or public utility undertaking itself or the shares of the company?

11. In a case where under Article 260 it is not the concession or undertaking itself which had to be transferred but the shares in the Company or partnership which carries on the works or holds the concession, have bonds and debentures also to be transferred as well as debts which are secured on or involve rights over the concession or undertaking?

12. As on what date are the concessions or public utility undertakings affected by Article 260 to be determined? The date of the signing of the Treaty of Versailles (the 28th June, 1919) or of its ratification by Germany (the 16th July, 1919) or that of its coming into force (the 10th January, 1920), or some other and what date?

M. Beichmann, President of the Court of Appeal of Trondhjem has been chosen by the Commission, in agreement with the German Government, to act as Arbitrator.

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It will perhaps be useful to add a few words on the question of exchange conversion. Germany's capital debt and Germany's annual payments are both fixed in terms of gold marks; her obligation is liquidated in various Allied currencies and in deliveries in kind or concessions of property which may be valued in the first instance in paper marks or in Allied currencies. Moreover, during the period under review in this report, the Commission has had to reduce the costs of the armies of occupation to the same common gold basis, the reimbursement of these costs being effected out of receipts by or on behalf of the Reparation Commission. It has therefore been necessary to adopt certain general principles of conversion into gold, and the United States dollar, as being at par, was naturally chosen, in agreement with the German Government, as the basis of conversion. The New York rates used in accordance with the following rules are the rates as certified by the Federal Reserve Bank, New York:

(*a*) In the case of cash payments, whether made by Germany to the Reparation Commission or by the Reparation Commission to the Allies, conversion is effected at the average of the New York noon rates for the day of payment and the two precedings days.

(*b*) In the case of deliveries in kind, including receipts under the British Reparation Recovery Act, conversion is effected at the average of the New York noon rates for the month of delivery.

There are certain exceptions to the above rules, of which the most important are the following :

(1) special rules were adopted in the case of ships, and in case of certain deliveries in kind, where it was convenient to provide for the method of conversion in the contract for delivery ;

(2) in the case of the armies of occupation, the expenditure, claims for which are rendered in national currencies, is converted into gold marks by quarterly periods at the average New York noon rates for the quarters.

Paper marks requisitioned by the armies of occupation are converted into gold marks at the official rate quoted by the Federal Reserve Bank, New York, for the day of receipt.

The case of the Commissions of Control and the Inter-Allied Rhineland High Commission, in which somewhat different questions arise, has not yet been finally determined.

(3) The net proceeds in paper marks of sales effected by or on behalf of the Bureau de Liquidation du Matériel de Guerre are offered fortnightly to the German Government in exchange for equivalent amounts in sterling or francs calculated at the average New York noon rate for either the 13th to the 27th of the preceding month, or the 28th of the preceding month to the 12th of the current month. The conversion of the sterling or francs paid by Germany into gold marks is carried out on the same average basis.

CHAPTER V.

RESTITUTION.

A mere reading of Article 238 of the Treaty of Versailles, which is drawn up as follows, is not sufficient to give an idea either of the scope of the Article or of the complexity of the questions involved :

" In addition to the payments mentioned above, Germany shall effect, in accordance with the procedure laid down by the Reparation Commission, restitution in cash of cash taken away, seized or sequestrated, and also restitution of animals, objects of every nature and securities taken away, seized or sequestrated, in the cases in which it proves possible to identify them in territory belonging to Germany or her allies.

" Until this procedure is laid down, restitution will continue in accordance with the provisions of the Armistice of November 11, 1918, and its renewals and the Protocols thereto."

" En sus des payements ci-dessus prévus, l'Allemagne effectuera, en se conformant à la procédure établie par la Commission des Réparations, la restitution en espèces des espèces enlevées, saisies ou séquestrées ainsi que la restitution des animaux, des objets de toute sorte et des valeurs enlevés, saisis ou séquestrés, dans les cas où il sera possible de les identifier sur le territoire de l'Allemagne ou sur celui de ses alliés.

" Jusqu'à l'établissement de cette procédure, les restitutions devront continuer conformément aux stipulations de l'Armistice du 11 novembre 1918, de ses renouvellements et des Protocoles intervenus."

Those of the Allies who had suffered this kind of loss were naturally obliged, in order to expedite material restitution as well as for patriotic reasons, to insist on the rigorous application of Article 238. The text of the Article is particularly imperative. The Reparation Commission may, under Article 234, modify the form of payments of the reparation debt in order to take account of Germany's capacity, but the obligation to effect restitution is not subject to any such consideration and is in no circumstance to be modified.

It is also to be noted that when the Reparation Commission, in accordance with Article 233, fixed Germany's debt, it took no account of damage that had already been made good by restitution, or that might reasonably be expected so to be made good. Nothing is therefore entered to Germany's credit on account of the execution of Article 238. It follows that any extension of the obligation to effect restitution might operate to the prejudice of Germany or of those of the Allies who are little or not at all concerned with

restitution, and in defining the scope of restitution, the Reparation Commission has had to consider a number of very delicate questions of interpretation and application.

Article 238 charged the Reparation Commission with the task of laying down the procedure in accordance with which restitution was to be effected, and, until this had been done, maintained in force the procedure adopted at the time of the Armistice, when the Allies had realised the necessity of enforcing the restitution by Germany, as soon as possible and in a systematic manner, of property taken away from the occupied territories in France and Belgium. Thus the Protocol of the 1st December, 1918, provided for the restitution of documents, cash, securities and works of art; that of the 10th January, 1919 (completed by one of the 2nd February, 1919), for the restitution of industrial and agricultural material; and that of the 11th November, 1918 (completed by one of the 25th March, 1919), for the restitution of stationary railway material. The classes of goods which were not touched either by the Armistice Protocols or by the agreements to which they gave rise were livestock, rolling-stock, river shipping and household furniture. Moreover the Armistice Protocols dealt only with property taken away from the invaded territories of France and of Belgium. Finally, the Protocols did not affect, as between reparation and restitution, the distinction which was established at a later date by the Treaty of Peace. They thus imposed upon Germany certain obligations which the Reparation Commission has had to scrutinise in order to determine whether they are or are not within the scope of Article 238.

The organisation for restitution set up under the Armistice may briefly be outlined as follows. For the execution of the different Armistice clauses regarding restitution, the C.I.P.A. (Commission Interalliée Permanente d'Armistice) set up various Inter-Allied or national bodies operating under its authority, which dealt with restitution at first separately, but afterwards under a direction which became more and more unified. The bodies originally set up were—

(1) The C.I.R.F. (Commission Interalliée de Récuperation de Matériel Fixe de Chemin de Fer), an Inter-Allied body with Belgian, French, British and American representation, which was concerned, under Protocol 666-T of the 25th March, 1919, with the restitution and recovery of stationary railway material of Allied origin, as well as with the recovery and reception of German stationary railway material which the German Government had to deliver, in execution of that Protocol, for the reconstitution of the Belgian and French systems.

(2) The C.I.R.M. (Commission Interalliée de Récuperation de Matériel Roulant de Chemin de Fer), an Inter-Allied body

with Belgian, French, British and American representation, intended to receive the rolling stock (5,000 locomotives and 150,000 wagons) which Germany had to deliver in execution of paragraph VII of the Armistice Protocol of the 11th November, 1918.

Although the greater part of the material thus delivered was of German origin, a considerable proportion of Allied material (for instance, about 415 locomotives and 23,000 wagons) was included.

(3) The Restitution Services: French and Belgian bodies concerned first of all with the restitution by Germany of industrial material under the Protocol of the 2nd February, 1919. These last-mentioned Services were further entrusted, as time went on, with the recovery of agricultural material under the Protocol of the 16th January, and later of furniture, works of art, and securities under the Spa Convention of the 1st December, 1918.

The corresponding German services operated at Frankfort.

The following is a summary of the results obtained by the Armistice Services:

Industrial Material.—The Protocols of the 2nd February, 1919, and the 23rd March, 1919, respecting the restitution of industrial material, had been carefully prepared, and provided effective measures for their application, which had been discussed with German representativees. These particular Armistice Restitution Protocols were the most successful in practice and the restitution of industrial material was thus carried out effectively. At the time when the Reparation Commission's Protocol C, respecting industrial material, came into force the following results had been obtained:

France: Identified 224,000 tons; despatched 178,000 tons.
Belgium: Identified 89,000 tons; despatched 81,000 tons.

Agricultural Material.—Germany raised great difficulties from the outset in connection with the search for this material. Identification was particularly troublesome, as the material was scattered all over Germany. Moreover, it could only be removed at the risk of stopping work on the farms, and this at a time when shortage made it urgent to obtain the largest possible yield. France recognised that there was substance in these arguments by speedily compounding for the restitution of identified material by the delivery of new material.

In an agreement between the French and German Governments, which was passed by the Organisation Committee, the German Government undertook to compound for all the agricultural material not at that time returned by furnishing new agricultural material to a value of 20,000,000 paper marks. This lump sum agreement was examined by the Reparation Commission not long after its

institution, and the decision to accept it was only reached after prolonged consideration, and not without difficulty. The modification of the execution of an Article of the Treaty for which the Commission was responsible was, in fact, at issue, and it was necessary to examine the possible repercussions of such an arrangement. The application of Article 238 was capable of giving results in proportion to the identifications effected. Obviously, to substitute for these results a quantity fixed once and for all meant incurring the risk that Germany would be called upon to deliver either less or more than the application of the Treaty would have involved. In the former case, the interests of the Allied country concerned would have suffered, and Germany would have gained; in the latter case, Germany's capacity to make reparation payments would have been diminished at the expense of the Allies as a whole. Finally, the Reparation Commission decided that, taking all the circumstances into account, the arrangement arrived at between France and Germany should be approved, thus accepting a principle which, as will be explained below, was destined to have important results.

Documents, Deeds and Securities, Works of Art.—The restitution of deeds and securities was carried out in a relatively satisfactory manner, particularly at the outset.

So far as furniture and works of art were concerned, restitution under the Armistice arrangements produced little result, the Germans pleading the inadequacy of the Armistice texts on this question. It was thus not possible to force the Germans to adopt the same measures as in the case of industrial material, and in particular to impose an obligation upon the holders to declare furniture and works of art taken away—a measure which was peculiarly indispensable for a class of property easily concealed. As the Germans declared nothing spontaneously, there was nothing in the Armistice régime to prevent such objects from being concealed, sold, and removed from place to place.

Domestic Animals.—The Armistice Conventions did not provide for this category. Even before the Treaty came into force, however, the French and Belgian Governments reached an agreement with Germany to anticipate the deliveries of cattle contemplated by paragraph 6 of Annex IV, and to this end set up Livestock Recovery Commissions at Wiesbaden. These Commissions later took over the business of restitution.

Railway Material.—The restitution of stationary railway material provided for by the special Protocol of the 25th March, 1919, (No. 666-T), which imposed on Germany not only restitution, but also repairs, was actively pursued by the responsible Inter-Allied Commission, but not completed in all particulars under the Armistice régime. The restitution of rolling-stock was not specially pursued under the Armistice. Part of the material of French or

Belgian origin taken by the Germans (about 23,000 wagons and 415 locomotives) was included in the total of 150,000 wagons and 5,000 locomotives delivered by the Germans in execution of the Protocol of the 16th January, but the greater part of the material of Allied origin which was to be restored remained during the Armistice in Germany.

These operations concerned France and Belgium only, and did not benefit the other Allied Powers, who, as has already been said, had no interest in the Armistice Protocols.

We may now pass to the execution of the Treaty and the laying down of the procedure provided for in Article 238.

Immediately the Treaty of Peace was ratified, the Organisation Committee of the Reparation Commission and the Allied Restitution Services set about the preparation of a complete restitution protocol, which, while avoiding the shortcomings of the Armistice texts and profiting by the experience obtained during the Armistice period, should secure the full execution of restitution as provided for in Article 238. This Protocol, which was first discussed in the Organisation Committee, came under the consideration of the Commission immediately after its constitution.

As a first step it was decided to set up an organisation known as the Reparation Commission Office at Wiesbaden, composed of representatives of the Commission, the duty of which was to prepare the procedure provided for by Article 238 in close touch with the Allied and German Executive Services. It was also decided that an Inter-Allied Service should not be set up for actual restitution work in Germany, but that the existing Services which, since the disappearance of the C.I.P.A., had for the most part become National Services, should be responsible for the execution of Article 238, working under the orders of their Governments but in conformity with the decisions and under the general supervision of the Commission's Wiesbaden Office where questions of principle were concerned. In the next place, taking into consideration the fact that certain kinds of restitution presented greater difficulties than others, the Commission thought it preferable first to draw up a general Protocol, which should be applicable to all restitution, and thereafter to prepare supplementary Protocols for the restitution of each class of property without awaiting the completion of all the separate Protocols before putting into effect those which were capable of being drafted rapidly.

A general restitution Protocol "A" was thus prepared, the provisions and general principles of which were to be applied, not only to the classes of property dealt with by the Armistice, and not only to the invaded territories of France and Belgium, but to all classes of objects which had been taken away and to all invaded territories. Before proceeding to a final draft, the Commission

had first to settle certain delicate questions and to lay down general principles on the following points: the definition of restitution, the definition of identification, the obligation to restore *in situ*, the obligation to recondition, the organisation of the Executive Services and the payment of their expenses.

Germany's responsibility for restitution, where Allied Powers who did not benefit by the Armistice Protocols are concerned, runs from the day on which the Peace Treaty was signed, and not from that on which the Protocols were notified.

After having given the Germans an opportunity to express their views, both in writing and orally, and after having examined their objections, the Commission definitely established the text of Protocol " A," which was notified to Germany on 1st September, 1920. It will be found reprinted in this publication in Appendix IX.*

At short intervals separate Protocols were successively drawn up for each important category of restitution as follows:

Protocol " B " for livestock;
Protocol " C " for industrial material and rolling-stock;
Protocol " D " for cash, securities, works of art, furniture;
Protocol " E " for river-shipping.

The perusal of Protocol "A" will suffice clearly to indicate the principles adopted by the Commission in defining Germany's restitution obligations. Leaving on one side certain points of relatively minor importance, it is sufficient to point out that under the terms of the Protocol:

(*a*) in order that an object may be restored, it is necessary that it should have been identified in the territory of Germany or the territory of her Allies;
(*b*) Germany is required to effect restitution at the place from which the property was taken;
(*c*) all the expenses involved in these operations are chargeable to Germany and do not give rise to any credit on reparation account. Expenses include the salaries of the staff of the various National Services set up in Germany.

In the course of execution, the question which has caused the greatest difficulties has been that of reconditioning recovered material, as the German authorities had on several occasions contended that the obligation of reconditioning did not follow from the text of Article 238. Certain of the points at issue have, however, been settled by working arrangements between the Allied Governments concerned and the German Government, and there is room for hope that outstanding questions may be disposed of in the same manner.

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* *See* page 199.

As to organisation, Article 238 being applicable to all Allied countries and not only to Belgium and France, National Services analogous to those of Belgium and France were set up by Italy, the Serb-Croat-Slovene State, Roumania and Poland. The interests of Great Britain were in the period under review in this volume, entrusted to the Belgian Service. The duty of all these Services was to apply the various Protocols in the case of objects taken away from the subjects of their respective countries.

Like the French and Belgian Services, most of the Services dealt with the business arising out of deliveries in kind under Annex IV as well as with restitution. The French and Belgian Services, moreover, were concerned with winding up the C.I.R.M. and C.I.R.F.

In accordance with the Commission's decision, they work under the instructions of their respective Governments, but, so far as concerns the principles of restitution, they act in accordance with the decisions of the Reparation Commission and under the supervision of its organisations, including more particularly the Wiesbaden Office in the earlier period.

Speaking generally, the National Services dealt direct with the Germans, and the Commission's Office only intervened when a National Service reported difficulties which had arisen between it and the Germans. Further, since the staff expenses of the National Services were a charge upon Germany, who paid the necessary amounts monthly to the Commission's Office, the latter was responsible for controlling these expenses and reporting to the Commission in case they exceeded the normal needs of the Services.

The importance of the work of the Commission's Wiesbaden Office progressively declined, particularly when the full application of Article 238 began to be replaced by lump-sum agreements concluded between Germany and certain Allied countries on the lines of the Franco-German Agreement for agricultural material, to which reference has already been made above. Consequently, in June, 1922, the Commission decided to close the Office and entrust the work which remained to the Service of Restitution and Reparation in Kind in Paris, which, among other advantages, secured a more effective contact between the National Services and the Commission. Under this new organisation, representatives of the Service of Restitution and Reparation in Kind visit Wiesbaden from time to time to meet the representatives of the German Service, and in the course of these meetings all questions at issue between the different National Services and the Germans are considered. The German Services, which correspond to the National Services, are almost all established at Frankfort, but for these periodical meetings the senior German officials who deal with restitution in Berlin visit Wiesbaden.

Germany, as time went on, necessarily objected more and more to searching factories and private dwellings. The Allied Nationals, on their side, could not continue to be as desirous of recovering their property as they were at the time of the Armistice, except where heirlooms were concerned. Those who had not speedily obtained possession of their property had had time, and, indeed, had been obliged, to replace it. The time came when the German Government, anxious to be rid of a galling obligation, were led to advocate substitution arrangements and secured the agreement of the Allied Governments, who were also glad to end a struggle that was daily becoming more difficult.

The Reparation Commission had at the outset hesitated to approve such a procedure, but in due course warmly recommended this means of finishing with the application of Article 238.

At the present moment France has concluded an agreement which covers all classes of objects to be restored with the exception of works of art and cash.

Belgium has concluded an agreement which liquidates all German obligations except as regards cash and river shipping.

Negotiations are in progress between Germany and the other countries, and there is every reason to suppose that in a short time the application of the Protocols established under Article 238 will be terminated and replaced by lump-sum agreements. It is unnecessary to emphasise the advantages of this procedure. On the German side it obviates the drawbacks involved by the search for, identification of, and transport of objects scattered throughout Germany and effects a considerable financial saving. On the Allied side deliveries so made by Germany are assimilated to reparation deliveries except only that they do not incur a credit to Germany on reparation account, and the necessity for maintaining national restitution services at Wiesbaden disappears.*

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* Restitution deliveries by Germany under the Armistice Conventions, the R.C. Protocols or Substitution Contracts, as at Sept. 1st, 1922, are shown in Appendix X. *See* page 204.

CHAPTER VI.

MERCHANT SHIPPING.

The cession of sea-going merchant ships and fishing craft by Germany is dealt with in Part VIII, Annex III (excluding paragraph 6*) of the Treaty of Versailles. The principal obligations of Germany under these paragraphs were to cede to the Allied and Associated Powers the property in all German merchant ships of 1,600 tons gross and upwards; one-half, reckoned in tonnage, of the ships between 1,000 and 1,600 tons gross; one-quarter, reckoned in tonnage, of the steam trawlers; and one-quarter, reckoned in tonnage, of the other fishing boats. Germany was also to cause merchant shipping of a gross tonnage not exceeding 200,000 to be laid down in German yards for the account of the Allied and Associated Powers in each of the five years from April 10th, 1920.

The supervision of the execution of these provisions was entrusted to the Commission's Maritime Service, sitting in London. On the 31st August, 1921, the bulk of the work having been accomplished, the Managing Board was dissolved, and the Service, with a very reduced staff, was removed to Paris. It operated under the control of two Joint Directors, responsible direct to the Commission, until the 10th May, 1922, when its few remaining functions were transferred to the Service of Restitution and Reparation in Kind.

The duties of the Maritime Service may be sub-divided into three main groups—executive, legal and financial—and they are dealt with *seriatim* under these headings.

I.

Executive Duties.

Prior to the 10th January, 1922, 348 vessels of about 1¾ million tons gross had been delivered to the Allies under the Armistice Agreements. The first efforts of the Maritime Service were directed to securing the delivery of the balance of the ships readily available for service, but before this could be done it was necessary to identify the vessels which were clearly deliverable. For this identification, three sets of lists were available, viz., Lloyd's Register, lists submitted by the German Government at the Spa Conference of February, 1919, and lists submitted by the German Delegation in March, 1920. These lists were closely investigated with the German Delegation, and by the end of May, 1920, every vessel thereon had been accounted for. The question of the deliverability of certain groups of vessels, which are referred to later, required special consideration.

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* For Inland Navigation Tonnage (para. 6 of Annex III) *see* Chapter VIII, page 108.

The Treaty provides that 50 per cent. only of the vessels between 1,000 and 1,600 gross tons is deliverable, but does not specify by whom this moiety is to be selected. After consideration, the Reparation Commission decided that the selection must be made by agreement with the German Government. The list of deliverable vessels could obviously not be finally established until the total quantity of deliverable tonnage was determined, a prior task which was complicated by the existence of many groups of ships, the question of whose inclusion in the total gross tonnage of this category it was not possible immediately to settle. Subject, however, to reservations as to certain doubtful classes of vessels, an agreement had been reached by the end of May, 1920, which provided for the immediate delivery of 38 vessels between 1,000 and 1,600 tons. Eventually, in April, 1921, a decision on many doubtful cases having meantime been reached, a complete settlement of the many questions at issue was possible, a total of 67 vessels of about 85,000 gross tons of this type being agreed upon as deliverable.

The remeasurement and rebuilding of a considerable number of vessels by their German owners in order to produce a lower gross tonnage than appeared originally on the register constituted a further difficulty, the effect being to bring certain vessels below 1,600 gross tons and a number of others below 1,000 gross tons. It was admitted by the German Government that, in the majority of cases, the alteration had been carried out to avoid delivery under the Peace Treaty, and it finally agreed to adhere to the original tonnage in the case of 27 vessels. The remeasurements were admitted in 11 other cases, which appeared to be *bonâ fide*.

Delivery of the ready ships in accordance with the Peace Treaty was delayed by the necessity for considering a memorandum, which was presented to the Maritime Service by the German Delegation immediately on arrival in London in March, 1920, appealing for relief from further deliveries on the ground that they would be fatal to the economic life of Germany. The Delegation was heard by the Reparation Commission on the 26th March, 1920, on the subject of this memorandum, and on the 30th March the Commission decided "that no sufficient grounds were shown to justify a modification of the terms of Annex III in the manner asked for by the German Delegation." The German Government then announced that it proposed to submit further evidence in support of its memorandum, but the Commission on the 26th April stated that "it would not be possible to consider any further appeal until a satisfactory quantity of tonnage had actually been delivered." Nevertheless, the German Government submitted a further memorandum in May, 1920, when the Commission decided that it could not be considered until the delivery of merchant ships had been expedited to the rate of 10 vessels a week, as required by the Maritime Service. As a consequence of renewed representations, the German Delegation was heard by the Reparation Commission on the 23rd November, 1920,

by which time the majority of the deliverable vessels had been surrendered. After a careful consideration of the German case, the Commission decided to inform the German Government that the Reparation Commission did not consider itself competent to cancel certain of the deliveries as provided for in the Treaty and that, moreover, on the question of fact, the Commission did not consider that there were sufficient grounds for acceding to the German request. Copies of the German memorandum and the Commission's decision were transmitted to the Allied and Associated Powers for their information. The question came later under the consideration of the Brussels meeting of experts who suggested the possibility of concessions with regard to new tonnage to be built in the first two years.

The German Delegation also raised the question of place of delivery, as to which the Treaty contained no definite provision. Eventually, after long and difficult negotiations, an arrangement was come to on the 30th March, 1920, whereby the German Government undertook to deliver the vessels in German ports to the Firth of Forth, such expenses incurred as were certified as reasonable by the Maritime Service being refunded to the German Government in cash by the Allied Powers receiving the vessels.

To supervise the delivery of the ready vessels and the work of completion of deliverable vessels under construction, the Maritime Service appointed in April, 1920, a small Interallied Inspection Committee with its headquarters in Hamburg, and attached thereto technical officers to deal with the delivery of fishing vessels. The work of the Committee was completed in May, 1921.

The progress of deliveries is graphically shown in Appendix XVIII.*

The majority of the vessels remaining to be surrendered on the 10th January, 1920, were steamers in German ports, and these were delivered under the arrangement of the 30th March, 1920, referred to above. There were, however, 32 deliverable steamers and 66 sailing vessels lying in ports of Central and South America, and 12 sailing vessels in European ports, regarding which special arrangements for delivery were necessary.

The steamers in Central and South America were all in a seriously damaged condition and were mostly in need of long term repairs. An agreement had been made with the German Government during the Armistice period by which that Government was allowed to bring home and repair in German yards, for delivery to the Allies, such vessels as could not be repaired on the spot. The Allied and Associated Powers undertook to despatch the tugs necessary to tow the vessels to Europe and to meet the disbursements connected with such towage, the expenses incurred being considered as advances

* *See* page 225.

recoverable from the German Government. All the steamers have now been repaired and handed over to the Commission, with the exception of one vessel which was lost on the voyage to Europe.

As regards the sailing vessels in Central and South America, an agreement was concluded on the same lines. It provided that the German Government, through the agency of the owners of the vessels, should prepare and sail to a European port, for their own account, as many of the vessels as they considered practicable and remunerative. On arrival in Europe the vessels were to be handed over to the Reparation Commission in the port of arrival (provided this were not a German port) after sea damage sustained on the voyage had been made good. Forty-five of the sixty-five vessels concerned were thus delivered in European ports. The Maritime Service concurred in the German owners' view, that it would not be remunerative to navigate to Europe the remaining twenty vessels, which were consequently taken over, as they lay, by the Allied Powers to whom they were allotted for final ownership.

Of the twelve sailing vessels lying in European ports, it was found on enquiry that six only were available, and these were taken over as they lay. The others had been sold or sequestrated in a neutral country, and one of them, which had been sequestrated in Holland, was subsequently surrendered.

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The general arrangements for the surrender of the ready ships once settled, the next important duty of the Maritime Service was to arrange for the delivery of the ships under construction.

It was found that there were building in Germany on the 10th January, 1920, fifty-nine vessels (of about 410,000 gross tons) of which forty-five vessels (of about 325,000 gross tons) were building for German account. The German Delegation contended that Germany was only bound to deliver these ships in the state they were in on the 10th January, 1920, but offered to complete certain of them for delivery to the Reparation Commission provided that the Commission did not call for the delivery of the remaining vessels building. The acceptance of this offer, as it stood, would have resulted in the retention of an unduly large proportion of the tonnage by Germany, but, in view of the omission from the Peace Treaty of any definite obligation on the German Government to complete the ships, negotiations were entered into with the German Delegation. After much difficulty an Agreement was concluded by which all the forty-five vessels concerned were to be completed by the German Government, twenty-four steamers of about 225,000 gross tons for the Allies (including not only all the passenger steamers, but also the cargo steamers which were most nearly completed), and the remaining twenty-one vessels of about 100,000 gross tons for German account. No ship was included in the German share which was more than 30

per cent. completed. It was provided that in consideration of the completion of the Allied share by the German Government, the amount of tonnage to be built in the first year under paragraph 5 of Annex III would be reduced by 73,500 gross tons. The whole of the vessels to be completed for the Reparation Commission under this Agreement have now been surrendered with the exception of the s.s. "Munchen", a large passenger vessel, which is expected to be complete and ready for delivery in February, 1923.

In addition to the forty-five vessels already dealt with, there were under construction fourteen steamers of about 85,000 gross tons of doubtful status, and after investigation it was agreed that eleven of these vessels were not deliverable. One of the remainder was of a gross tonnage between 1,000 and 1,600 and was included in the total tonnage of this category for the purpose of calculating the deliverable moiety. The remaining two vessels of about 5,600 gross tons, were completed and delivered to the Commission. As a result of these supplementary Agreements, the amount of the gross tonnage to be built in the first year under paragraph 5 of Annex III was further reduced by 2,240 tons, in addition to the reduction of 73,500 tons mentioned above, or by 75,740 tons in all.

Apart from the vessels building in Germany, there were six steamers of about 94,000 gross tons under construction at Dantzig. These are dealt with in the Legal section of this chapter.

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As regards fishing craft, account was taken of a suggestion made by the German representatives at Versailles on the 13th August, 1919, that, instead of the full 25 per cent. of existing fishing craft called for by the Treaty being delivered, the application of Annex III should be modified by allowing Germany to deliver only one quarter of the 25 per cent. due in existing tonnage and the balance by the construction of new vessels of any type required by the Allied Governments. This arrangement, it was contended, would prevent serious interference with Germany's fish supplies and would give the Allies the advantage of receiving new vessels built to their own specifications. The possibility of accepting these suggestions was explored by Interallied Committees which proceeded to Germany at the end of 1919 and the beginning of 1920. It was found that there were in existence 46 vessels of a steam trawler type which had been built and used for minesweeping and patrol purposes and which were being reconditioned for fishing. The Committee reported that these vessels would probably be more valuable to the Allies than ordinary commercial trawlers.

After protracted negotiations between the Maritime Service and the German Government in March and May, 1920, an agreement was reached by which 40 of these State-owned vessels were to be reconditioned and delivered immediately, the balance of fishing

tonnage of whatever type due being provided, at the option of the Reparation Commission, either in new steam fishing vessels to be built, ton for ton, to Allied specifications or in the form of trawlers, motor-boats, engines and gear, etc., of equivalent value.

The total amount of fishing craft tonnage deliverable was agreed with the German Delegation at a figure just exceeding 24,000 gross tons. Five old ex-British trawlers which had been condemned in the German Prize Court, were surrendered during the Armistice period. The 40 State-owned German trawlers, which totalled nearly 10,000 tons, were all delivered by July, 1920. In addition, two small fishing motor boats have since been handed over, and net-making machinery, fishing boat motors, etc., are now being manufactured for the account of the German Government for delivery to Italy in substitution of new steam trawler tonnage.

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Paragraph 5 of Annex III of the Treaty of Versailles stipulated that the Reparation Commission should notify to Germany, before the 10th April, 1920, the amount of tonnage to be laid down in German shipyards during each of the next two years for the account of the Allied and Associated Governments, and, before the 10th January, 1922, the amount to be laid down in each of the three years following the two years mentioned above. In March, 1920, the German Government was duly notified by the Reparation Commission that the maximum amount of 200,000 gross tons would be required in each of the first two years. As has already been stated, the first year's quantity was subsequently reduced by 75,740 tons, in connection with the negotiations with regard to ships under construction.

The Reparation Commission did not receive from the various Allied Governments particulars of their requirements which would have enabled it to furnish the German Government with plans, specifications, etc., for vessels to be laid down during the first year, and no tonnage was therefore demanded in respect of this period. In respect of the year 10th April, 1921, to 9th April, 1922, the German Government has been required to arrange for the construction (now proceeding) in German shipyards of two " mixed " passenger and cargo steamers totalling about 25,000 gross tons for delivery to France. As regards the three years from the 10th April, 1922, the Allied Powers have notified to the Reparation Commission requirements amounting to 40,000 gross tons to be laid down in each of these three years, and the German Government has been informed accordingly.

Negotiations in connection with the drawing up of plans and specifications of 62,800 gross tons of steam shipping—15,700 tons in respect of each of the four years from the 10th April, 1921—were still proceeding between Italian and German experts at the time when this report was written.

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As ships were surrendered by Germany, they were allocated to various Powers for temporary management, pending the final division of the whole of the ceded tonnage. Allocations for temporary management, during the Armistice period, had been governed mainly by considerations of convenience and according to the geographical situation of the particular ship at the time of handing over. The ships delivered subsequently to the ratification of the Peace Treaty were, so far as possible, temporarily allocated to the Powers in whose ultimate possession they were most likely to remain.

The evolution of a scheme for the division of the ex-enemy tonnage involved the solution of certain Interallied questions of great complexity; nevertheless, those of the Allied Powers which had suffered most severely as regards shipping losses, found themselves in general agreement as to the broad lines of such a scheme several months before it could be worked out in detail. This being the case, it was possible, during the latter part of 1920, to estimate fairly accurately the ultimate percentage share of each Power and to distribute, as an interim measure, a large proportion of the delivered ships. The scheme eventually adopted by the Commission in July, 1921, briefly stated, was as follows:

The gross losses of each of the Allied and Associated Powers were divided into four classes, namely,

I. steam merchant vessels of 12 knots or over (excluding tankers);

II. steam merchant vessels under 12 knots, and tankers of all speeds;

III. sailing vessels;

IV. fishing vessels.

The whole of the vessels deliverable by Germany, and those vessels surrendered by Austria-Hungary of a gross tonnage exceeding 2,000, were similarly classified.

From the gross war losses of merchant tonnage of each Allied Power in each class was deducted the tonnage in that class of the enemy vessels captured, seized or detained by the Power and in existence on the 10th January, 1920, the net losses being thus obtained. The deliverable vessels in each class were then divided amongst the Powers in proportion to their net losses in that class. Where the total tonnage of the vessels captured, seized or detained by any Allied or Associated Power and in existence on the 10th January, 1920, was in excess of its total war losses, that Power had no claim under the scheme to any of the ceded tonnage.

The scheme further provided that the ceded tonnage should be separated into four categories—termed "zones"—arranged according to the state of readiness of the ships, and that the various Powers should draw their respective shares from each "zone" as and when the ships therein became available. The existence of this provision permitted the adoption of the scheme at a time when

several deliverable vessels had not been surrendered and when the deliverability of certain other vessels was still in doubt.

As the result of Interallied Agreements which had been reached between the Powers concerned, France and Italy secured by transfer from Great Britain, a number of available vessels in addition to the proportionate share allotted to them by the Commission, and in exchange waived their claim to a share of the vessels which became available at a later date, these latter vessels being allotted to Great Britain for final ownership. Further, under the provisions of the Spa Interallied Agreement, Belgium received, by transfer from other Allied and Associated Powers, 86,000 gross tons of ex-German shipping, in addition to the proportionate share allotted to her by the Reparation Commission.

The losses of the various Powers in each class are shown in Appendix XIII* : the tonnage allotted for final ownership to these Powers by the Reparation Commission appears in Appendix XIV,† and the tonnage remaining in the hands of each Power after effect has been given to the Interallied Shipping Agreements is shown in Appendix XV.‡ A nominal list of the ceded ships with details as to their size, age, dates of delivery and allotment, etc., appears in Appendix XI.§

II.

Legal Duties.

The nature and form of the documents of title to be provided by the German Government in respect of each deliverable vessel in accordance with paragraph 4 (*a*) of Annex III, were agreed between the German Delegation and the Maritime Service in May, 1920. Although no such documents were furnished by the Germans until September, 1920, documents in respect of all delivered vessels were eventually received and deeds transferring the property in vessels from the Reparation Commission to the Power to which the vessels were allotted for final ownership were executed in respect of all delivered vessels.

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In April, 1920, a press notice was issued calling for the submission of claims relating to legal or equitable interests under paragraph 20 of Annex II of Part VIII of the Treaty in respect of vessels to be ceded under the terms of Annex III. The paragraph in question, as will be seen from the following quotation, is drawn in large terms :

" The Commission, in fixing or accepting payment in specified properties or rights, shall have due regard for any legal or equitable interests of the Allied and Associated Powers or of Neutral Powers or of their nationals therein."

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* *See* page 220. † *See* page 222. ‡ *See* page 223. § *See* p. 205.

" La Commission, en fixant ou acceptant les payements qui s'effectueront par remise de biens ou droits déterminés, tiendra compte de tous droits et intérêts légitimes des Puissances alliées et associées ou neutres et de leurs ressortissants das lesdits."

The very numerous claims received in response to this notice were carefully examined by the Maritime Service, which had the benefit of the advice of a lawyer experienced in shipping matters. Certain of the more important claims demanded special consideration by the Reparation Commission.

The very large majority of the claims received were based on the possession of shares, debentures or similar instruments in German shipping companies or in companies owning shares in German shipping companies. In such cases, the claimants were informed that their interest could not be regarded as a legal or equitable interest in the ship or ships concerned.

In many cases, allied or neutral nationals claimed part-ownership of certain ceded ships, but it became clear from a perusal of German shipping laws that either the real beneficiaries under the claims were German subjects who were not entitled to make them, or that the interests of the claimants had been forfeited under German law prior to the transfer of the ships to the Reparation Commission. It was found more difficult to dispose of cases where ceded ships were mostly owned by persons previously of German nationality who had acquired Danish nationality as the result of the Schleswig Plebiscite or by electing under Article 113 of the Treaty. As, however, the German Government had provided the Reparation Commission with documents of title transfering these vessels free from all claims, mortgages, liens or other encumbrances, the Maritime Service insisted that it was for the German Government to compensate these Schleswigers for the expropriation of their property.

It has been ascertained that the few claims received in respect of mortgages or liens on ceded ships have either been settled or are in course of settlement by the German Government.

The Danish and Norwegian Governments lodged claims relating to vessels condemned in German Prize Courts; they were informed that the Reparation Commission could not but acknowledge the validity of the German Prize Court decisions, and that all other claims and interests were extinguished by those decisions.

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Difficult questions were involved in deciding whether Germany could be called upon to deliver many of the vessels the ownership of which, although they were on the German register on the 10th January, 1920, had possibly been transferred to neutrals, or had in some way been affected by the Peace Treaty.

The Commission's powers in the matter are to be found in paragraph 7 of Annex III, which reads as follows:

" Germany agrees to take any measures that may be indicated to her by the Reparation Commission for obtaining the full title to the property in all ships which have during the war been transferred, or are in process of transfer, to neutral flags, without the consent of the Allied and Associated Governments."

" L'Allemagne s'engage à prendre toutes les mesures que la Commission des Réparations peut lui indiquer en vue d'obtenir le plein droit de propriété sur tous les navires qui peuvent avoir été transférés pendant la guerre ou être en voie de transfert sous pavillons neutres, sans le consentement des Gouvernements alliés et associés."

These powers are wide enough in their wording. Difficulty only arises when the question of application presents itself.

The question first became acute in the case of certain steamers of considerable value which had been sold to Holland, but which unquestionably fell within the category of ships to be transferred to the Allied and Associated Governments under paragraph 3 of the Annex. Germany pleaded inability to deliver and aggravated the situation by allowing one of the boats to slip away from the German port without clearance papers. It was simple to say or to provide that Germany should take all measures that might be indicated to her, but what effective measures could be indicated? Germany might be directed to repurchase the vessels; but a forced repurchase to be effective implies a forced re-sale. Neither Germany nor the Allied Powers had any means of compelling the purchaser to re-sell. They could take means to make the life of the boats in question uncomfortable by announcing that they would be seized if they visited German or Allied waters. This, however, would inevitably have given rise to diplomatic incidents of a more or less serious character, and it was questionable whether any Court could have deprived the new Dutch owners of their property. Finally, the Commission was forced, by the logic of the situation, to decide that no steps should be taken to insist on the cession under paragraph 7 of vessels transferred during the war to neutral flags, provided that there had been a genuine transfer of property in the vessels to neutral owners, that the formalities of German law and of the law of the neutral State had been complied with, that the vessels were struck off the German register and that the title of the neutral owners was recognised by their own Governments. In the light of this decision, delivery was not demanded of nineteen ex-German vessels so transferred.

Similarly, it was decided that there was nothing to be gained by pursuing the question of the delivery by Germany of five vessels sold to an Argentine company although, after a long and extensive investigation of the facts, the effective date of their transfer to neutral ownership still remained doubtful.

A definitive ruling in the case of six ships alleged by the Germans to have been legally transferred to the Spanish flag in 1918 awaits corroborative evidence from the Spanish Government.

Under the terms of Article 113 of the Treaty, certain persons residing in the Southern Plebiscite Zone of Schleswig (retained by Germany) are given the option of becoming citizens of Denmark at any time within a period of two years of the fixing of the frontier and, if they so decide to change their nationality, they have the right to take with them their movable property. In these circumstances, the difficulty of deciding what rights should be reserved to part-owners of vessels who were entitled to elect for, or who were already of, non-German nationality, in order that reparation should not be demanded from neutral nationals, was obviously considerable. After an exhaustive investigation of the ownership of the vessels concerned, a compromise was reached with the German Government by which 11 vessels (26,000 gross tons) were agreed to be deliverable, and delivery was not claimed of six vessels (12,000 gross tons). Further, in arriving at the total tonnage of German vessels betweeen 1,000 and 1,600 gross tons for the purpose of calculating the tonnage of the deliverable moiety, the vessels of this size registered in this area were included at 75 per cent. of their total tonnage.

Similar exhaustive investigations were made as to the ownership of the vessels registered in the Northern Plebiscite Zone of Schleswig (returned to Denmark). Having regard to the non-German interest in certain of these vessels, a compromise with the German Government was effected by which three vessels (9,000 gross tons) were agreed upon as deliverable, and the surrender of two vessels (7,000 gross tons) was not claimed.

In view of the provisions of Section XI of Part III of the Treaty, it was decided that vessels registered in Danzig were not deliverable if they were the property of former German subjects resident in the Free City who did not recover their German nationality. Four ready vessels (of about 5,000 gross tons) which satisfied this condition were accordingly retained by their owners. There were under construction in Danzig on the 10th January, 1920, six vessels (94,000 gross tons), building for the account of German nationals, of which two were passenger ships of about 35,000 gross tons each. By a special Agreement with the German Government it was arranged that one of the 35,000 ton ships—the "Columbus"—should be completed and delivered, no demand being made for the completion and surrender of the other. Delivery of the four smaller uncompleted vessels was not claimed in view of their ownership.

The Commission ruled that delivery should not be demanded of vessels owned by residents of Memel not recovering German nationality. As a result, a vessel which had been surrendered by Germany during the Armistice was returned to her owners, a second ex-German vessel was retained under the Memel flag, while the tonnage of a small German-owned vessel was taken into account

in fixing the deliverable moiety of ships between 1,000 and 1,600 gross tons.

Certain neutral Powers requested the revision of the German Prize Court decisions by the Allied Powers in accordance with the rights conferred on the latter by Article 440* of the Treaty of Versailles. The Allied Governments principally concerned, however, informed the Reparation Commission that they were unable to approve the suggestion that the Allied and Associated Powers should examine the decisions and orders of the German Prize Courts called in question by certain neutral Governments, and that in accordance with international law such decisions should be considered as *choses jugées*.

Condemned neutral vessels of over 1,000 gross tons, therefore, fell to be dealt with under the terms of Annex III and delivery was demanded of seven such vessels amounting to about 10,000 gross tons. Further, as a parallel measure, it was decided to regard as having been ceded under the terms of Annex III five steamers and five old trawlers (formerly British), similarly condemned, which had been surrendered by Germany during the Armistice period.

III.

Financial Duties.

It fell to the lot of the Maritime Service to examine the claims for compensation for maritime damages which were made by the Allied and Associated Powers in accordance with paragraph 9, Annex I, of the Peace Treaty. The claim of the British Empire was the first

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* "Germany accepts and recognises as valid and binding all decrees and orders concerning German ships and goods and all orders relating to the payment of costs made by any Prize Court of any of the Allied or Associated Powers, and undertakes not to put forward any claim arising out of such decrees or orders on behalf of any German national.

"The Allied and Associated Powers reserve the right to examine in such manner as they may determine all decisions and orders of German Prize Courts, whether affecting the property rights of nationals of those Powers or of neutral Powers. Germany agrees to furnish copies of all the documents constituting the record of the cases, including the decisions and orders made, and to accept and give effect to the recommendations made after such examination of the cases."

"L'Allemagne accepte et reconnait comme valables et obligatoires toutes décisions et tous ordres concernant les navires allemands et les marchandises allemandes, ainsi que toutes décisions et ordres relatifs au payement des frais et rendus par l'une quelconque des juridictions de prises des Puissances alliées et associées et s'engage à ne présenter au nom de ses nationaux aucune réclamation relativement à ces décisions ou ordres.

"Les Puissances alliées et associées se réservent le droit d'examiner, dans telles conditions qu'elles détermineront, les décisions et ordres des juridictions allemandes en matières de prises, que ces décisions et ordres affectent les droits de propriété des ressortissants desdites Puissances ou ceux des ressortissants neutres. L'Allemagne s'engage à fournir des copies de tous les documents constituant le dossier des affaires, y compris les décisions et ordres rendus, ainsi qu'à accepter et exécuter les recommendations présentées après ledit examen des affaires."

to be examined as being the largest in amount and covering the whole field of possible maritime war damage. This preliminary examination, and comparisons between the British claim and those of the other Allied Powers, revealed the necessity for decisions to be taken by the Commission itself on several important questions of principle. In order to ensure that they followed the same broad lines as the claims rendered in respect of the other classes of damage covered by Annex I, the maritime claims were submitted to a scrutiny by the Valuation Service. The Commission only took the necessary decisions on the questions of principle to which fuller reference is made elsewhere,* after giving careful consideration to criticisms by the German Shipping Delegation—both oral and written—of the Allied claims.

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The valuation of merchant shipping delivered by Germany prior to the 1st May, 1921, gave rise to difficult discussions. In January, 1921, the German Government submitted a memorandum requesting that it should receive a credit of 7·3 milliard gold marks for the delivery of about 4,625,000 gross tons of shipping. So much publicity has been given by the Germans to their claim (which works out to about £100 per ton gross) even in comparatively recent times that it cannot be too emphatically stated that it was so untenable that the German representatives, after conferring with the Maritime Service, were constrained unreservedly to withdraw their memorandum. Upwards of one million tons were included in the list of ships which could by no manner of means be regarded as giving rise to a credit. The only explanation offered for the misrepresentation was that the list was compiled twelve months before it was put forward. On the valuation side an average figure of £100 a ton may be left to speak for itself. Mention should also be made of an attempt frequently made by the German authorities to argue from the values placed on the ships destroyed during the war. The German remarks on this score were pointless; they referred, not to a valuation of the losses in question made by the Commission—a valuation which was only one element in the total Reparation Debt—but to the figures to be found in the memoranda of the Allied Governments, and these figures were claims only. Further, whatever may have been the right method by which to value a ship which was torpedoed during the war, at a period, that is, during which shipping, thanks to the action of the German Government, attained an unprecedented high scarcity value, there can be no necessary relation between that valuation and the valuation of ships received after the war during a period when the world's carrying trade was necessarily diminished in volume and at a time when, thanks to the prodigious efforts of the Allied countries, war losses had so far been made good that the world's tonnage was greater by

* *See* page 49.

millions of tons than it had been at the outbreak of the war. Having withdrawn their memorandum, the German Government, in May, submitted another, in which a credit was demanded for about 3½ millions tons of shipping, the delivery of about three-fifths of which had already been admitted by the Maritime Service, the remainder representing shipping which had been detained by various Allied and Associated Powers during the war and subsequently condemned as prize or otherwise appropriated by those Powers. The revised German estimate of the value of the 3½ million tons was 5,688,000,000 gold marks, obtained by assessing the value of the ships in 1914 and applying thereto a co-efficient to take account of the increase in shipping values between 1914 and the 10th January, 1920. The Maritime Service contended that this method was unsound in principle, and, moreover, showed that the figures used in applying the method were inaccurate.

The tonnage figure was still inflated. It contained all shipping which had been "detained" by various Powers during the war, and either then or subsequently expropriated by the detaining Powers. Such shipping was not delivered by the German Government either to the Reparation Commission or to the Allied and Associated Governments collectively. An important block of it was in the hands of the United States Government, which had not ratified the Treaty of Versailles and was not officially represented on the Commission.*

The Commission was clearly unable to regard the tonnage as having been transferred under Annex III, and as thus giving rise to a credit to Germany on reparation account.

The actual tonnage recognised by the Commission as delivered prior to the 1st May, 1921, was 2,187,000 gross tons.

The valuation of a block of tonnage of this magnitude was obviously a matter of extraordinary difficulty. Several different bases of valuation were suggested and considered at great length. The value finally determined—750 million gold marks, less the expenses of delivery, conditioning and repairs—was based on the actual market prices on the 10th January, 1920, in the case of ships handed over to the Allied Governments during the Armistice period, and the date of physical delivery in the case of ships delivered at later dates. The figure of 750 million gold marks was one which, after comparison with other figures arrived at on different bases, was admitted by the Commission as a whole as representing with as much accuracy as circumstances allowed, a fair and equitable value. In this instance, as in the assessment of the Allied claim for damages, the Delegates may be considered to have acted as

* The tonnage captured, seized or detained by the Allies amounted on the 10th January 1922, to 1,755,000 tons (excluding vessels sunk during the war). Of this total, the United States held 579,000 tons, Great Britain 411,000 tons, Brazil 224,000 tons, Portugal 156,000 tons and Italy 150,000 tons.

members of a panel of judges, who were satisfied with the substantial fairness of the finding, if perhaps no two of them would necessarily have supported it by the same process of calculation or reasoning.

The Commission also assessed at approximately 10¼ million gold marks the gross value of about 200,000 gross tons of shipping delivered by Germany between the 1st May and the 31st October, 1921.

While, as explained above, no credit was given to Germany in respect of " detained " ships, the decrees of condemnation in respect of certain vessels were revoked by decisions taken in February, 1922, by the Judicial Committee of the Privy Council—the highest competent British Court. It has been arranged with the German Government that two vessels which were the subject of such a decision should be regarded as having been delivered in accordance with Annex III of the Treaty, and that their agreed value should be credited to Germany as a cash payment in the Reparation Account for the current year.* The circumstances surrounding these two vessels were peculiar, and it is understood that the arrangement made in their case does not prejudice the settlement of the cases of other vessels, the Prize Court condemnation of which has been or may yet be revoked. The German Government has, in fact, requested that credit in the current Reparation Accounts should be given in respect of the delivery of eight ships which are affected by a similar Privy Council decision, even though five of these ships were sunk during the War.

The amounts to be placed to Germany's credit in the case of the ships laid down in paragraph 5 of Annex III of the Treaty, and in respect of the fishing boat material now being manufactured in substitution of steam trawlers, have been fixed in the agreements between the Allied Governments concerned and the German Government; these agreements have been approved by the Reparation Commission.

The process of fixing the value, for the purpose of Germany's credit, of the ships delivered has been dealt with above. Normally the value to be debited against the Powers would have been the same, but an article in the Inter-Allied Agreement of Spa made an entirely separate valuation necessary.

The opening paragraph of Article 6 of that Agreement reads as follows :

" Germany, by Annex III of Part VIII (Reparation) of the Treaty of Versailles, and Austria and Hungary, by the corresponding provisions of the Treaty of St. Germain and the Treaty of Trianon, having recognised the right of the Allied and Associated Powers to the replacement, ton for ton and class for class, of all merchant ships and fishing boats lost or damaged owing to the war, and in view of the great difficulty of fixing a fair value for ships surrendered except after the actual sale of the greater portion of such ships, it is agreed as follows :

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* 1922.

" The sale of the ships allotted to the British Empire shall be made before 1st May, 1921, by the Reparation Commission on the British market and shall be made to British nationals.

" The amount to be credited to the ex-enemy Powers and debited to the British Empire in respect of merchant vessels and fishing craft allotted to it, or subsequently transferred to it under Inter-Allied Agreements, shall, subject to adjustments rendered necessary by repairs or the expenses of delivery, be the actual price realised by such sales.

" In the case of other Powers, the amount to be debited in respect of merchant vessels and fishing craft allotted to them, or subsequently transferred to them under Inter-Allied Agreements, shall be the average amounts, subject to similar adjustments, realised by the sale of similar ships of each class on the British market."

The above clearly contemplates that there should be one valuation for the purpose of settling the German credit and the Allied debit, and lays down the method by which the valuation shall be made. The Reparation Commission, however, took the view that the valuation of deliveries made by Germany was a judicial function especially entrusted to the Commission, and that in default of the agreement of Germany, which was not forthcoming, since she did not accept the Spa Agreement, it was not within the competence of the Allied Powers, by agreement among themselves, to fix a figure which would be valid as against Germany.

As between the Allies, however, the question was in substance one of the distribution of reparation, which under Article 237 of the Treaty is within the functions of the Governments and not of the Commission. The Commission was thus led to fix different values for the ships, according as the credit to Germany or the debit to the respective Allied Powers was concerned.

It may be added that the difference in the two valuations would naturally prevent the Commission's accounts from balancing except with an item for loss, and that a provision in the Inter-Allied Financial Agreement of the 11th March, 1922, laid down the method by which this difficulty should be solved.*

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* ARTICLE 12.

" With a view to adjusting any difference which may arise between the amounts credited to Germany and the amounts debited to an Allied Power as a result of any Inter-Allied Agreement in respect of deliveries in kind, brought to account under Article 235, the distribution of Series " C " Bonds will be effected in the following manner :

It will be assumed that the number of Bonds available for distribution is the number arrived at after crediting Germany with the amounts debited to the Allied Powers in accordance with any such Inter-Allied Agreement.

Each Power will receive out of this assumed amount the share to which it is entitled under the Spa Financial Agreement less the difference, if any, between the value credited to Germany in respect of deliveries to that Power and the value debited in respect of the same deliveries in accordance with any Inter-Allied Agreement.

In accordance with the Spa Financial Arrangement, Belgium will not be debited with any sum on account of the ships allotted or transferred to her, and the above provision will not apply to Belgium in respect of such ships."

For the performance of the work entrusted to the Commission under the Spa Agreement, the Commission was fortunate enough to secure the services of Lord Inchcape, who carried it out without personal remuneration of any kind under the general supervision of the Maritime Service.

Lord Inchcape began to sell in September, 1920. By the end of that year he had sold about 120 vessels, during the first seven months of 1921 he sold 210 additional vessels, and in January, 1922, he sold the last of the 418 vessels which had been placed in his hands for disposal. The 1,850,000 gross tons of shipping sold realised over £20,000,000 sterling—a most satisfactory result in view of the unprecedentedly depressed state of the shipping market. The administrative expenses incurred by Lord Inchcape in effecting the sales amounted to less than one-seventh per cent. of the total sum realised.

It will be realised from the foregoing narrative that practically the whole of the administrative work and the greater part of the accounting work in connection with the cession of merchant shipping by Germany has now been completed. The only question of importance still outstanding—the fixing of the amount to be credited to Germany in respect of the more recently delivered ships—will probably be solved at a very early date, while it is hoped and expected that final accounts relating to all ceded ships actually delivered will be available by the end of January, 1923.

AUSTRO-HUNGARIAN SHIPS.

Annex III to Section I of Part VIII of the Treaty of St.-Germain, and the same passage in the Treaty of Trianon, provide for the cession by the Austrian and Hungarian Governments of the property in all merchant ships and fishing boats belonging to nationals of the former Austro-Hungarian Empire. The whole of the Austro-Hungarian merchant ships and fishing boats were requisitioned by the Allied and Associated Powers during the Armistice period. Paragraph 2 of Annex III, which calls for the physical delivery of these vessels, had therefore been fully executed by the time the Treaty was ratified.

Paragraph 4 of the same Annex, however, required that the ex-enemy Governments should deliver to the Reparation Commission, in respect of all vessels ceded, documents of title evidencing the legal transfer to the Commission of the entire property in those vessels. The Austrian Government, in March, 1921, represented that it was not in a position to transfer the property in any of the vessels, on the grounds that neither the vessels nor their former owners were any longer under its jurisdiction, and the official registers, etc., relating to the vessels had been retained at the ports which were situated in the territory ceded to Italy or to the Serb-Croat-Slovene State.

As the result of investigations into the ownership of the vessels, the Commission came to the conclusion that the only classes of vessels for which documents of title could reasonably be expected were, firstly, 15 vessels belonging to the ex-Austro-Hungarian Navy, which are mentioned in Article 137 of the St.-Germain Treaty and Article 121 of the Trianon Treaty; secondly, vessels which had been condemned in Austro-Hungarian Prize Courts during the war and had so become the property of the Austro-Hungarian State; thirdly, vessels belonging to Austrian and Hungarian nationals or to companies having their seat in the newly-delimited Austrian and Hungarian territories.

So far as Austria is concerned, enquires made of the Austrian, Italian and Serb-Croat-Slovene Governments showed that no vessels which would fall into the second and third classes mentioned above were in existence at the date of the ratification of the St. Germain Treaty. As regards the first class, it should be stated that 32 vessels in all are mentioned in Article 137, but it was found on investigation that one of these had been sunk before the date of ratification of the Treaty, and, of the remainder, 16 were in fact owned by private navigation companies seated in the new Italian or Serb-Croat-Slovene territory. The Austrian Government has duly furnished documents of title for the other 15 ex-naval units, in so far as its interests therein are concerned.

Like the Austrian Government, the Hungarian Government declared its inability to hand over to the Reparation Commission the documents of title of the ceded ships. The argument of the Austrian Government, according to which the latter could not consult the official registers, etc., had not in the case of Hungary the same weight. According to information obtained, the Hungarian Government can secure the documents of title of ships of a tonnage amounting altogether to about 57,000 gross tons (Appendix No. XVI)*, which ships, at the time of the ratifying of the Treaty were owned by companies having their seat in Budapest. The Hungarian Government's argument depended mostly on the financial difficulties with which it was surrounded and on the fact that a special bank-note issue would be necessary to compensate for the requisitioning of these documents. At the end of long conversations, however, the Hungarian Government agreed in principle to the handing over to the Commission of the documents of title for these ships, as well as for the part which it owned of the 15 Austro-Hungarian naval units, referred to above, which are named in Article 121 of the Treaty of Trianon (Appendix No. XVII)†. These documents have not yet been handed over.

The Commission has decided that the Austrian and Hungarian Governments shall only be credited with the value of that part of the ex-Austro-Hungarian tonnage the property in which will be

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* See page 224. † See page 225.

actually transferred under paragraph 4 of Annex III. Consequently, it is practically certain that the Austrian Government will only receive credit in the Reparation accounts in respect of the value of the part which it owned of the 15 vessels belonging to the ex-Austro-Hungarian Navy mentioned above. The value of these vessels has not yet been fixed.

The Hungarian Government, in addition to receiving credit for the value of the part which it owned of the 15 ex-naval units, will most probably be credited, in due course, with the value of the 57,000 gross tons of shipping, formerly owned by Budapest companies, of which mention has already been made. It has not yet been possible to make the final valuation of these latter vessels. All of them have been assigned to Italy. Their value is roughly estimated at about £300,000.

As has been stated in the paragraphs relating to shipping ceded by Germany, those ex-Austro-Hungarian merchant vessels of a tonnage exceeding 2,000 gross tons were included in the general " pool " of ex-enemy tonnage distributed among the various Allied and Associated Powers. About 585,000 tons of ex-Austro-Hungarian shipping were included in the " pool " of which 345,000 tons were allotted to Great Britain, 61,000 tons to France, and the balance to Italy. There were, however, in existence certain Inter-Allied Agreements providing for the transfer to Italy and the Serb-Croat-Slovene State, by France and Great Britain, of the ex-Austro-Hungarian tonnage allotted to these latter Powers. An Agreement, which has been ratified by the Reparation Commission in so far as it is concerned therewith, has also been reached between the Italian and the Serb-Croat-Slovene Governments, providing for the division between these two Powers of the whole of the ex-Austro-Hungarian tonnage.

As the result of the operation of these agreements, Italy has obtained possession of about 504,000 gross tons and Jugo-Slavia of about 81,000 gross tons of the shipping included in the " pool," and, in addition, Italy has received 42,000 gross tons and Jugo-Slavia 37,000 gross tons made up of ships of less than 2,000 gross tons. To sum up, of the 664,000 gross tons of shipping ceded by Austria and Hungary under the shipping reparation clauses of the Treaties of St.-Germain and Trianon, Italy has received 546,000 gross tons and Jugo-Slavia 118,000 gross tons. These figures have not taken into account vessels of a tonnage of less than 40 gross tons handed over to Italy and Jugo-Slavia.

CHAPTER VII.

COAL AND DERIVATIVES OF COAL.

COAL.

The powers of the Reparation Commission in regard to coal deliveries by Germany on reparation account are defined in Annex V, Part VIII, of the Treaty of Versailles, which is reproduced in Appendix XIX.*

Furthermore, the Supreme Council, on the 14th November, 1919, decided to request the Upper Silesian Plebiscite Commission to come to an agreement with the Organisation Committee of the Reparation Commission or with the Reparation Commission itself on all questions having to do with allocation of Upper Silesian coal.

Thus the Reparation Commission was enabled to keep a directing hand on this allocation, an arrangement justified in that Upper Silesian coal played an important part in supplying Germany and that the Reparation Commission, when determining deliveries, had to take Germany's industrial requirements into consideration.

The coal situation in Germany after the war had already been investigated during the year 1919 by the European Coal Commission, an organisation set up by the Supreme Economic Council, when it was clearly shown that for a fairly long period Europe would have to face fuel shortage.

The Reparation Commission was confronted with a very delicate problem. On the one hand, the countries benefiting by Annex V needed as much coal as they could obtain in order to hasten their return to normal industrial life, while, on the other hand, the Commission under § 10 of Annex V had to take account of German industrial requirements. In addition to this, in virtue of its share in determining the allocation of coal from Upper Silesia, one of the natural centres of supply for various Central European countries, such as Poland, Austria and Hungary, it behoved the Commission to ensure that those countries which did not benefit by Annex V should receive sufficient coal to support their economic life at a time when coal shortage was particularly acute.

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In order to follow the Reparation Commission's work in detail, it is necessary to go back to the first negotiations begun under the Armistice.

On the 25th December, 1918, a Protocol was signed at Luxemburg for the supply of sufficient coal and coke to the metallurgical industries of Lorraine. After the Treaty of Versailles had been

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* *See* page 225.

signed, but before it came into force, the Organisation Committee of the Reparation Commission started negotiations with the Germans in order to obtain delivery of certain quantities of coal in anticipation of the ratification of the Peace Treaty. These negotiations led to the signing of a Protocol at Versailles on the 29th August, 1919, under which deliveries were fixed at a minimum of 1,660,000 tons a month and were to be augmented proportionally to the increase of production in Germany above 9,000,000 tons. This Protocol provided for deliveries until the 30th April, 1920, and was to remain in force until the Commission had had time to decide on the procedure to be followed in the future. The deliveries of coal and coke in execution of the Luxemburg Protocol were, after the 1st September, 1919, to be considered as forming part of the anticipated deliveries and to be credited to Germany on reparation account.

On the 31st August, 1919, the Organisation Committee, in execution of § 10 of Annex V (120 days' notice to be given for deliveries required after the 1st January, 1920), and subject to confirmation by the Reparation Commission, informed the German Delegation of the programme of deliveries for the month of January, 1920. The German Delegation entered a reservation on the ground that the Reparation Commission was not yet officially constituted but deliveries in anticipation began on the 1st September, 1919. It soon became evident that it would be desirable for the Organisation Committee to set up a local office in the main German coal-producing area in order to deal at the source, so far as possible, with the numerous points of difficulty, many of a technical nature, which arose in connection with the carrying out of coal deliveries. The Organisation Committee, therefore, constituted a Coal Commission at Essen in October, which held its first meeting at Essen on the 10th November, 1919. The German Delegates protested against the seting up of this body and the authority under which it was acting, and refused to recognise it officially.

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At the same period (August, 1919), a Coal Commission, created by the European Coal Commission and subsequently (September, 1919), charged by the Organisation Committee with the study of distribution problems in Central Europe, was set up at Mährisch-Ostrau to deal with questions arising in the Upper Silesian and Teschen coal fields.

Its investigations led to the drafting of a decision, approved on the 14th November, 1919, by the Supreme Council, to the effect that until a definite decision should be taken by the Reparation Commission and the Upper Silesian Plebiscite Commission in agreement, Upper Silesian coal production was to be divided as follows: Upper Silesia was to receive whatever quantity the Plebiscite Commission might judge necessary, 200,000 tons a month were to go

to Austria, 250,000 tons a month to Poland, and the remainder was to be at Germany's disposal.

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Such was the position when the Reparation Commission was officially constituted.

The Commission immediately examined the question of deliveries, and on the 26th January, 1920, decided to notify the German Government that the Protocol of the 29th August, 1919, remained provisionally in force. It was also decided provisionally to maintain the powers which the Essen Commission had received from the Organisation Committee and to request the German Government to give it official recognition.

On the 9th February, 1920, the Commission decided to notify Germany that in accounting for deliveries effected in anticipation between the 1st September, 1919, and the Treaty's entering into force, 1,500,000 tons would be considered as delivered under the Luxemburg Protocol and 1,000,000 tons as anticipated deliveries proper. The Commission also informed Germany that, subject to a later decision as to the rate at which deliveries made under the Luxemburg Protocol were to count as definite deliveries, the remaining million tons were to be counted against the definite deliveries for the period up to the 1st May, 1920, at the rate of approximately 300,000 tons a month. At the same time the Commission, in conformity with the Protocol of the 29th August, 1919, fixed at 2,234,000 tons the net quantities remaining to be delivered each month for the period in question.

Later, on the 3rd September, 1920, it was decided that deliveries under the Luxemburg Protocol were to be counted as definite deliveries as from the 11th January, 1920, being allotted to January, February, etc., in such proportions as to make up, together with the actual deliveries in those months plus the proportions of the million tons referred to above, the programme of deliveries demanded from Germany.

On the 6th February, 1920, the Commission decided to notify the German Government that in execution of the Supreme Council's decision of 14th November, 1919, as to the allocation of Upper Silesian coal, it had decided to allow Italy, as a reparation delivery, 20,000 tons a month out of Germany's share of Upper Silesian coal. On the 27th February, 1920, this quantity was increased to 40,000 tons.

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At a meeting on the 27th February, 1920, the powers of the two Commissions at Essen and Mährisch-Ostrau were defined, and these organisations which, with considerably reduced staffs, are still in existence at the time of writing, took the title of "Essen Coal Bureau" and "Central European Coal Bureau," close liaison between the two being provided for.

During this period the Upper Silesian Plebiscite Commission was set up, and notified the German Government that, as from the 15th March, 1920, it would be responsible for the allocation of Upper Silesian coal.

After negotiation, a programme for German deliveries during April, 1920, was laid down fixing the Treaty deliveries at 1,440,000 tons, including 100,000 tons of Upper Silesian coal for Italy; this programme was approved on the 31st March, 1920, by the Reparation Commission and notified to the German Government. On the 3rd May, 1920, a programme for the months of May, June and July, 1920, was sent to Germany, providing for deliveries of 1,925,000 tons in May, 2,062,000 tons in June and 2,175,000 tons in July, 1920. On the 14th June, 1920, the programme of deliveries by Germany to the Allies during August, 1920, was notified at 2,175,000 tons.

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At an early date, the Reparation Commission was impressed with the advisability of arriving at the earliest possible settlement of two questions of principle arising out of the application of Annex V, Part VIII; the question of f.o.b. prices and the question of the right of the Allied and Associated Powers to transport the coal from the loading ports on the Rhine. These questions had come up when negotiations were first begun with Germany (August, 1919), the German Delegation claiming f.o.b. prices for deliveries by sea *viâ* Rotterdam, Amsterdam and other non-German ports (paragraph 6*b* of Annex V), and, as regards the transport question, contending that, as Germany had to provide transport to the frontier of the receiving countries, it was for her to charter boats for transport on the Rhine.

The Legal Service of the Reparation Commission, on the 25th February, 1920, gave a majority and a minority opinion on f.o.b. prices. In order fully to grasp the point at issue it is necessary to read both texts of paragraph 6 of Annex V, which are not drafted in identical terms:

"The prices to be paid for coal delivered under these options shall be as follows:

(*a*) For overland delivery, including delivery by barge, the German pithead price to German nationals, plus the freight to French, Belgian, Italian or Luxemburg frontiers, provided that the pithead price does not exceed the pithead price of British coal for export. In the case of Belgian bunker coal, the price shall not exceed the Dutch bunker price.

Railroad and barge tariffs shall not be higher than the lowest similar rates paid in Germany.

(*b*) For sea delivery, the German export price f.o.b. German ports, or the British export price f.o.b. British ports, whichever may be lower."

" Les prix à payer pour les livraisons de charbon effectuées en vertu desdites options seront les suivants :

(*a*) *Fourniture par voie de fer ou par eau.*—Le prix sera le prix allemand sur carreau de la mine payé par les ressortissants allemands, plus le fret jusqu'aux frontières française, belge, italienne ou luxembourgeoise, étant entendu que le prix sur le carreau de la mine n'excédera pas le prix, sur le carreau de la mine, du charbon anglais pour l'exportation. Dans le cas du charbon de soute belge, le prix ne dépassera pas celui du charbon de soute hollandais.

Les tarifs de transport par voie de fer ou par eau ne dépasseront pas les tarifs les plus bas appliqués aux transports de même nature en Allemagne.

(*b*) *Fourniture par voie de mer.*—Le prix sera soit le prix d'exportation allemand f.o.b. dans les ports allemands, soit le prix d'exportation anglais f.o.b. dans les ports anglais et dans tous les cas le plus bas des deux."

The majority opinion held that if the coal was delivered in a German port by water it was certainly a case of " sea delivery." On the other hand, if coal placed on barges at Ruhrort was sent on the same barges by sea from Ruhrort to Dunkerque, or if it was shifted at Rotterdam on to other barges which were sent by canal *viâ* Ghent, Antwerp, Givet, etc., it was a case of " overland delivery, including delivery by barge." In the case of coal loaded at Ruhrort and transported to Rotterdam, there to be re-loaded on sea-going ships, the delivery was to be considered as either " overland delivery, including delivery by barge " or as " sea delivery," according to whether the longer part of the journey was by canal or by sea, and for this purpose geographical limits ought to be fixed.

The minority opinion was that the criterion to be followed in order to determine whether a delivery was " overland, including delivery by barge " or " sea delivery " was the manner in which coal was delivered at the point of entry into the country of its destination.

At a meeting of the Commission on the 13th March, 1920, the German representatives claimed on behalf of their Government that in the case of f.o.b. deliveries in Belgian, Dutch or German ports for shipment by sea the prices mentioned in paragraph 6 (*b*) ought to be applied.

This question was reconsidered several times by the Commission, but the unanimity required by the Treaty on a point of interpretation was not reached, and on the 8th February, 1921, the Commission decided that each Delegate would explain the question to his Government, pointing out how urgent it was to obtain some decision in order to make it possible to value coal deliveries made by Germany. The Allied Governments also failed to reach an

agreement on the point of interpretation, which was later settled for France by the Wiesbaden Agreement of the 6th October, 1921, with the approval of the Allied Governments, as conveyed in a clause of the financial arrangement of the 11th March, 1922, which at the same time made provision for Italy's interest in the question so far as Inter-Allied relations are concerned.

The question of the right to charter on the Rhine was also the object of long and fruitless negotiations with the Germans. The Germans consistently maintained that what they demanded was not a monopoly of transportation on German boats but a monopoly of chartering. This question was also settled by the Wiesbaden Agreement of the 7th October in so far as France was concerned.

In order to contribute to the economic recovery of Central Europe, the Reparation Commission on the 29th April, 1920, decided on Hungary's request, to allow her 30,000 tons of Upper Silesian coal for agricultural purposes to be drawn from quantities which Italy had not been able to take. In November, 1920, 15,000 tons more were allotted to Hungary, and in December, 1920 a further amount of 25,000 tons. As from February, 1921 a, monthly allowance of 20,000 tons was made by the Reparation Commission, and a supplementary allocation of 50,000 tons was agreed to in March.

Coal deliveries were interrupted in May on account of disorders in Upper Silesia on the occasion of the Plebiscite, and were resumed in September, 1921.

Exceptional allocations were also made to Austria during the winter of 1920-1921.

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A decision by the Commission on the 29th May, 1920, to increase the quantity of Upper Silesian coal allowed to Poland to 450,000 tons on condition that she would supply means of transportation for 100,000 tons was taken as a pretext by the German Government to reduce deliveries, already in arrears, made to the Allies from the Ruhr. The Reparation Commission thereupon, in application of the terms of paragraph 17 of Annex II, Part VIII, of the Treaty of Versailles, formally notified the Allied and Associated Powers on the 30th June, 1920, that Germany had defaulted in the fulfilment of her obligations for the delivery of coal

The Allied and Associated Powers, seized of this default, met the Germans at Spa early in July, 1920. This Conference led to the signing, on the 16th July, 1920, of a Protocol under which Germany agreed to place the Allies in possession of 2,000,000 tons of coal each month for six months as from the 1st August, 1920. On their side the Allied Powers agreed :

(*a*) to pay in cash a premium of 5 gold marks for each ton of coal delivered by rail or inland waterway, granted in consideration of the admission of the right of the Allies to require certain specified qualities of coal, and to be spent in purchasing foodstuffs for German miners;

(*b*) to make Germany advances, during the period of six months, equivalent to the difference between the internal German price and the English f.o.b. export price in English ports, these advances enjoying absolute priority over all other claims of the Allies on Germany.

The Protocol also provided for the institution:

(1) of a permanent Delegation of the Reparation Commission at Berlin with the object of making sure that the coal deliveries provided for by the Protocol were carried out;

(2) of a Commission, on which Germany was to be represented, with the object of preparing an Agreement, to be submitted to the Reparation Commission, on the allocation of Upper Silesian coal;

(3) of a Commission at Essen, with German representation, with the object of seeking means by which the conditions of life among the miners in regard to food and clothing could be improved, with a view to a better working of the mines.

The Germans did not subscribe to a clause providing for sanctions in the case of failure by the 15th November, 1920, to carry out the August, September and October deliveries to a total of 6,000,000 tons, but signed the Protocol subject to this reservation.

On the same day two documents, one relating to the respective shares of France, Great Britain, Italy and Belgium in the advances to be made, and the other dealing with the interpretation to be given to a certain paragraph of the Spa Protocol, were signed by the Allies.

On the 16th July, 1920, at Spa, the Reparation Commission ratified the part of the Protocol specifying quantities to be delivered, noted the decision reached by the Allied and Associated Powers as to advances, and approved the clause stipulating that reimbursement was to enjoy absolute priority. Later, after a Franco-British agreement had been reached at Boulogne on the 27th July, 1920, the Reparation Commission undertook, at the request of the contracting parties, to ensure the execution of the Spa arrangements in regard to coal deliveries to be made by Germany and advances by the Allied Powers in consideration of these deliveries.

On the 30th July, 1920, the Reparation Commission constituted the permanent Delegation at Berlin contemplated by the Spa Protocol, under a French Chairman. On the 13th August, 1920, it set up the other two Commissions agreed upon at Spa, one sitting at Berlin and charged with the preparation of an Agreement on the allocation of Upper Silesian coal, and the other, called the "Essen Committee of Enquiry," sitting at Essen, to enquire into means for improving the lot of the miners.

On the 24th August, 1920, the Reparation Commission took the following decisions respecting advances to be made in execution of the Spa Protocol:

(1) that questions as to payment of the premium of 5 gold marks were exclusively to be settled by the receiving countries;

(2) that for the first month of delivery a provisional advance of 60 million gold marks would be made by the interested countries, subject to adjustments that might be necessary when the exact figures had been established.

In execution of this second decision, on the 30th August, 1920, an Agreement was signed with the President of the Kriegslastenkommission laying down the procedure for the payment of the first advance and the issue of bonds by the German Government in return for this advance.

As difficulties arose at the end of each month in regard to the exact fixation of the advance to be made, the Reparation Commission and the Kriegslastenkommission agreed, by a Convention of the 27th October, 1920, that the sum to be advanced was to be fixed at 40 gold marks for each ton of coal delivered by rail or inland waterway, and that coke was to be valued in terms of coal at the rate of three tons of coke for four tons of coal and lignite briquettes, at the rate of seven tons of briquettes for four tons of coal.

The question having arisen whether Luxemburg, as a receiving country, should also take a share in the advances, an Agreement between the Governments of Luxemburg and Germany, approved by the Reparation Commission on the 26th November, 1920, provided that the Luxemburg Government should do so to the extent of 4 per cent. of the total advances; Luxemburg's advances were to be made directly to the German Government and to be repaid in a manner settled directly between the two Governments.

The Spa Protocol deliveries were executed until the month of October, 1920, after which they began to fall off. By the end of six months there was a deficit of approximately 664,000 tons. The total advances to Germany during the six months amounted to 360,791,378.64 gold marks.

An Agreement signed at Paris on the 28th December, 1920, laid down rules for the repayment of these advances. Under this Agreement the German Government was to hand over to the Reparation Commission, for allocation among the Allied Governments according to the rate at which each had contributed, Treasury Bonds maturing on the 1st May, 1921, to a total equivalent to the advances received by Germany, with the addition of interest at the rate of 6 per cent. per annum as from the day on which the advances were placed at the disposal of the German Government. On the 1st May, 1921, each one of the Powers having contributed to the advances was to be repaid for such part of these advances as should not have been repaid by Germany, by deducting this part from the value of deliveries in kind received from Germany up to that date under

Annexes III, IV and V. Consequently, the deliveries thus applied in repayment of advances had not been credited to Germany on reparation account, though they were taken into account when estimating the extent to which Germany had fulfilled the obligation under Article 235 to pay 20,000,000,000 gold marks before the 1st May, 1921.

During the period of execution of the Spa Protocol the Special Commissions set up under the Protocol terminated their work.

The " Committee of Enquiry " at Essen held its last meeting on the 20th October, 1920. A Protocol was signed by the two Delegations; the conclusions of the experts set forth in a report of the 24th September, 1920, were confirmed, and it was stated that there was no need for further enquiries in the Ruhr, or in other regions, and that the German Delegation had no fresh proposal to make. The Allied and German experts were agreed as to the necessity of increasing the food supply of the mining population throughout Germany in such a manner as to give each person 950 calories more, and dwelt on the necessity of bettering conditions as to clothing. The experts' report of the 24th September, 1920, and the Protocol of the 20th October, 1920, were communicated to the Kriegslastenkommission, which was requested to make known what measures were adopted by the German Government to improve conditions for the miners, and a copy of the complete file was transmitted to the Governments who signed the Spa Protocol.

The permanent Delegation of the Reparation Commission at Berlin was discontinued at the end of January, 1921 (expiration of the Spa Protocol), by decision of the Reparation Commission.

The Coal Allocation Commission in Upper Silesia submitted its report in November, 1920, concerning a proposed allocation.

On the 28th July, 1920, the Conference of Ambassadors had reached a decision as to the frontier between Czecho-Slovakia and Poland in the Teschen district, under which Poland and Czecho-Slovakia were themselves to settle the reciprocal supply of coal and naphtha.

Moreover, subject to the provisions of Articles 224 of the Treaty of St.-Germain and 207 of the Treaty of Trianon, an Agreement was to be negotiated between the principal Allied and Associated Powers and Czecho-Slovakia as to allocation of Teschen coal, while, pending its conclusion, Czecho-Slovakia was to satisfy all demands made by the Reparation Commission, acting on behalf of the principal Allied and Associated Powers, in favour of any Power which had received coal from this district in 1913.

The close connection between allocation problems in the Teschen area and in Upper Silesia made it impossible to consider Upper Silesian coal independently of Teschen. As soon as the Coal Allocation Commission in Upper Silesia had made its report, the Reparation Commission caused a general allocation plan to be prepared, applying to both districts. This plan was considered by the

Commission on the 21st December, 1920, and it was decided to call together an extraordinary meeting of the Allocation Commission in Paris in order to explain to it the amendments made in the draft plan proposed by it. On the 27th December the Allocation Commission, by a majority, approved the new plan, the German and Upper Silesian Delegate voting against it. On the 29th December, 1920, the Reparation Commission approved the part of this plan dealing with Upper Silesian allocation, but the imminence of the Plebiscite in Upper Silesia, which had been fixed for February, made this question much less vital, since after the partition the Reparation Commission no longer had any power to intervene.

During the period of execution of the Spa Protocol, investigations proceeded with a view to determining the monthly deliveries of coal to be made to France in priority as compensation for decreased production of the destroyed mines in the departments of the Nord and the Pas-de-Calais. These investigations led to the adoption by the Reparation Commission on the 22nd October, 1920, of the following procedure :

(1) the mines the production of which was to be considered were indicated ;

(2) the " average monthly production " of 1913 was to be the gross monthly average production of the various mines considered ;

(3) for the period after January, 1920, the gross production was to count, it being understood that if the figure for one month happened to be smaller than the figure of the preceding month, the figure of the preceding month should count. On the other hand, if the output for one month should be in excess of the average output for 1913, the average output of 1913 was to be taken as the output for that month ;

(4) the mine consumption for 1913 was to be the real monthly average in 1913 and, for the period after January, 1920, the real mine consumption during the month. Consumption was to be understood as meaning simply the real quantity of coal employed in the exploitation of the mine ;

(5) in determining the amount of French priority (the difference between net output in 1913 and net output for any given month) no account would be taken of quantities in excess of 1,666,666 tons for the period between the 10th January, 1920, and the 9th January, 1925, and in excess of 666,666 tons for the period between the 10th January, 1925, and the 9th January, 1930, as being in excess of the annual limits laid down by the Treaty.

The table printed in Appendix XX* shows the progressive diminution of the quantities required.

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* *See* page 228.

The question of the 120 days' notice, which had been in suspense, was also settled in the course of negotiations by the German Delegates definitely withdrawing any claim to the 120 days' notice for deliveries after the 1st February, 1921, that is to say, after the expiration of the Spa Protocol.

Deliveries under the Spa Protocol ceased at the end of January, 1921, and negotiations were therefore entered into with the Germans in November, 1920, with a view to establishing a programme of deliveries after the 1st February, 1921. These negotiations led to the adoption of a programme of 2,200,000 tons for each of the months of February and March, and this programme was re-adopted for each month until January, 1922.

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Coming to the question of transportation, the Reparation Commission has had occasion formally to interpret the Treaty in order to determine the responsibility for the payment of freight by rail across intermediate countries, in which connection it should be explained that at the beginning, in order to expedite deliveries, receiving countries made contributions in rolling stock and also paid freight across intermediate countries (Belgium across Holland, Italy across Switzerland, Austria and Czecho-Slovakia, France across Belgium). On the 18th January, 1921, the Commission decided, as a formal interpretation of the Treaty of Versailles, that Germany was to be charged with freight costs across intermediate countries, provided that the shortest possible or the cheapest routes were used in preference to others, and at their maximum capacity, due regard being had to traffic conditions on that part of the railway system which might be used to carry out the transport.

The German Government having complained that certain receiving countries were re-exporting reparation coal, the Commission was called upon for a ruling, and on the 5th February, 1921, informed the Kriegslastenkommission that the final disposal of the coal delivered was a matter that concerned the receiving country only, which was consequently free to do as it liked with the coal.

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On the 25th April, 1921, the Commission informed Germany:

(1) that it considered as the "first year of delivery" the period between the 11th January, 1920, and the 31st January, 1921 (expiration of the Spa Protocol);

(2) that it considered as deferred, delivery of the difference between the quantities demanded and the quantities actually delivered during this period, and proposed in due course to lay down procedure governing these deliveries.

Following on this decision, the French, Belgian and Italian Governments informed the Commission in the course of May, 1921, that for the second year of delivery they demanded that the option should be exercised for the total quantity to which each was entitled under Annex V, Part VIII, of the Treaty of Versailles. The question was considered by the Reparation Commission on the 8th July, 1921, and on the 13th July the Kriegslastenkommission was notified by letter—

(1) that the French, Belgian and Italian Governments required for the second year beginning on the 1st February, 1921, delivery of the total amount of coal to which their option applied;

(2) that the Commission fixed at 4,000,000 tons the quantity to be delivered to Luxemburg during the same period;

(3) that the Commission decided that the actual quantity to be delivered by Germany was determined by the programmes already notified or thereafter to be notified, and that the delivery of the difference between the quantities laid down in the programmes and those called for above was for the time being deferred.

The Commission also pointed out that this notification was made in order to avoid foreclosure, and that it was not to be taken as prejudicing the rights of the Commission or even as interpreting them.

On the 28th July, 1921, the Kriegslastenkommission signified that the German Government did not consider itself bound to carry out coal deliveries beyond the periods mentioned in Annex V, Part VIII. The Commission, in conformity with the provisions of this Annex, once more informed the Kriegslastenkommission on the 25th August, 1921, that the Reparation Commission was alone competent to postpone or to cancel the delivery either of the difference between the quantities determined in the exercise of the option and those specified in the programmes notified to the Kriegslastenkommission, or of the difference between the quantities demanded and those actually delivered.

Disorders had taken place in Upper Silesia early in May, 1921, following on the Plebiscite, and resulted in the entire suspension of coal deliveries to Germany. Consequently it was decided to consider the monthly programme as divided into three sections corresponding to the order of priority to be given to deliveries in case the particular circumstances of the moment hindered the complete execution of the programme. This decision was made known to the Kriegslastenkommission on the 4th June, 1921, and the quantity urgently required for the month of June was fixed at 1,600,000 tons. This arrangement was carried on from month to month in the hope that the Upper Silesian question would shortly be settled; it lasted, in

fact, until January, 1922. Beginning with September, 1921, the quantity to which prime urgency applied was increased to 1,700,000 tons.

In the meantime, the Reparation Commission informed the Kriegslastenkommission that the German Government might export 20,000 tons of coke during July, 1921, subject to the deliveries to the Allies totalling 1,600,000 tons in June. The deliveries carried out, however, never rose above, and indeed did not reach, the quantity to which prime urgency applied, and in spite of this, exportations to Austria and to Switzerland were made by Germany. In consideration of this failure to comply with its decision, the Reparation Commission, on the 9th December, decided to notify Germany that, with the exception of exportations to Holland, which had been consented to on the 7th October, 1920, and in regard to which certain special circumstances existed, Germany might export neither coke nor coal without previous authority from the Reparation Commission.*

The falling off of deliveries, especially of coke, led the French Delegation in December, 1921, to request the Reparation Commission to notify a default on Germany's part to the Allied and Associated Governments, in conformity with the provisions of paragraph 17 of Annex II.

The Kriegslastenkommission informed the Reparation Commission at this moment of measures adopted by the German Government with a view immediately to increasing its deliveries of coke. These measures produced the desired effect and on the 30th December, 1921, the Commission decided to notify the Kriegslastenkommission that it noted the measures adopted by the German Government and trusted that the Government would continue to ensure the delivery, not only of the quantities specified in the programmes, but also of the extra quantities intended to make good the December deficit. The Reparation Commission therefore hoped that it would not be obliged to consider the question of reporting a default to the Allied Governments. The German Government after this decision undertook to deliver during January, 1922, over and above the quantity to which first urgency applied, the quantity of coke mentioned in the second urgency programme, that is to say, 90,000 tons, subject to supply by the Allies of the requisite means of transport.

Such was the position at the end of the second year of delivery.

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* At a later time when the programme for February, March and April, 1922, was fixed, this prohibition was suspended until the 30th April, 1922, in consideration of the German Government's representatives' undertaking that deliveries for these three months would reach the specified amount of 5,750,000 tons.

COAL DERIVATIVES.

Sulphate of Ammonia.

Immediately after the signing of the Peace Treaty, negotiations took place with the German Government for the delivery of the derivatives mentioned in paragraph 8, Annex V. These deliveries were not executed, and negotiations were resumed after the ratification of the Peace Treaty, with the result that a Protocol was drawn up and approved on the 1st March, 1920, by the Reparation Commission, in conformity with which deliveries were to begin 30 days after the Treaty entered into force, and were in principle to amount to 2,500 tons a month. Deliveries did, in fact, begin in May, 1920, and have given rise to no special comment.

Benzol.

Negotiations with the German Delegation during August, 1919, for benzol deliveries were protracted, after the constitution of the Reparation Commission, throughout the whole year 1920 without any agreement being reached as to quantities to be delivered. A Protocol regulating these deliveries was approved by the Reparation Commission on the 14th December, 1920, but reservations having been made by the Germans as to quantities, the Commission formally notified the German Government on the 22nd June, 1921, that the provisions of the Treaty must be executed in their entirety and that deliveries must be made on the basis of the 35,000 tons per annum contemplated by the Treaty. The Protocol laid down the 1st February, 1921, as to the date of commencement of the deliveries. They began at this time, and since then have been fairly regular.

Coal Tar.

Negotiations for a Protocol on coal tar deliveries were prolonged throughout 1920 and most of 1921. An agreement between the German and French experts was only reached in November, 1921, as to specification of qualities. On the 25th November, 1921, the Reparation Commission ratified this Protocol.

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It has already been indicated above that, with the exception of the first three months of execution of the Spa Protocol, coal deliveries have always fallen short of the quantities laid down in the programmes notified to Germany. It should be pointed out in this connection that the Reparation Commission, in virtue of the powers given to it by paragraph 10 of Annex V, Part VIII, of the Treaty, has constantly made allowance for all the circumstances and considerably reduced the quantities mentioned in the Treaty.

For the first year of delivery (11th January, 1920-31st January, 1921) the quantities contemplated by the Treaty amounted to

41,108,161 tons; the quantities called for by the Reparation Commission reached a total of 26,809,350 tons; and the quantities actually delivered, allowance being made for deliveries effected since the 1st September, 1919, amount to 19,476,480 tons. Consequently deliveries were short of the total quantity contemplated by the Treaty to the extent of 21,631,681 tons, and short of the quantity demanded by the Commission to the extent of 7,332,870 tons.

The position was not materially different during the second year (1st February, 1921-31st January, 1922). The quantity contemplated in the Treaty was 37,541,971 tons; that notified in the programme was 26,400,000 tons; and actual deliveries amounted to 18,077,980 tons, thus falling short of the Treaty quantity by 19,463,991 tons and of the quantity demanded by the Commission by 8,322,020 tons (*see* Appendix XXI*).

Deliveries of derivatives, as has been noticed above, give rise to no special comment.

On the 31st January, 1922, 52,440 tons of sulphate of ammonia had been received out of 52,500 tons which were to have been delivered.

At the same date, benzol deliveries reached 32,279 tons as against 35,000 tons which should have been delivered.

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* *See* page 229.

CHAPTER VIII.

DYESTUFFS AND PHARMACEUTICAL PRODUCTS.

By reason of the character of the products, the value of the deliveries of dyestuffs and pharmaceutical products does not reach a figure which is high relatively to that of certain other deliveries; nevertheless the importance of Annex VI is such that it has been deemed useful to devote a separate chapter to an account of it.

A full text of Annex VI will be found reprinted in Appendix XXII.*

I.—Dyestuffs.

As regards dyestuffs its intention was:

(1) To place at the disposal of the Allied and Associated Powers the dyestuffs immediately necessary for their industries (paragraph 1).

(2) To furnish a continuous supply up to the 1st January, 1925 (paragraph 2).

Immediately after the Treaty was signed, the Organisation Committee was at pains to deal with Annex VI, in view of the urgent needs of the Allied countries. The questions involved being in a high degree technical, the Committee decided to entrust the study of them to a Sub-Committee composed of experts familiar with the dyestuff industry both as regards production and consumption, representatives being nominated thereto by the United States, Great Britain, France, Italy and Belgium. Germany, on her side, entrusted the treatment of these questions to an Expert Committee composed of representatives of the principal German dyestuff factories and presided over by Herr Carl von Weinberg. Any agreement arrived at between the two Expert Committees was to be submitted to the Organisation Committee and at a later date to the Reparation Commission for ratification.

The first meeting between the Allied and German experts took place at Versailles on the 8th August, 1919, and it was agreed that the inventory of the stocks possessed by the German factories should be drawn up as on the 15th August.

According to the inventories handed in by Germany the stocks on this date of dyestuffs and intermediates amounted to 21,522,723 kilos, of which 50 per cent., *i.e.*, 10,761,361 kilos, was subject to the Commission's option (see Appendix XXIII).†

In theory the option on these stocks could not be exercised until the Treaty entered into force. None the less, in view of the urgent needs of France, Italy and Belgium it was decided, with the consent of Germany, in the course of a meeting of the Allies held in London for that purpose on the 15th September, 1919, to authorise the

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* *See* page 230. † *See* page 231.

immediate withdrawal of 5,200 tons from the stocks of the 15th August. This agreement was ratified by the Organisation Committee on the 17th September, the details governing the deliveries were arranged with the German experts at the beginning of October, and a Protocol finally signed on the 3rd November.

The 5,200 tons in question were distributed among the Allied and Associated Powers on the following basis :

United States	1,500 tons, not exceeding 20·44 per cent. of the total quantity of each product submitted to option.
Great Britain	1,500 tons, not exceeding 20·44 per cent. of the total quantity of each product submitted to option.
France	1,000 tons, not exceeding 15 per cent. of the total quantity of each product submitted to option.
Italy	700 tons, not exceeding 10 per cent. of the total quantity of each product submitted to option.
Belgium...	500 tons, not exceeding 5 per cent. of the total quantity of each product submitted to option.

The first deliveries on account of the 5,200 tons began on the 22nd November, 1919. The Allied Expert Committee proceeded to study the distribution of the remainder of their share of the stocks of the 15th August. After long discussions, the principle was accepted that it was necessary to divide the dyes into groups and to base the percentages in each group on the German export statistics for 1913, the figures thus obtained being slightly modified to take account of new circumstances and particularly of home production. A table showing the distribution is reproduced in Appendix XXIV.* Orders for deliveries of the stocks continued to be forwarded up to the 1st September, 1920, and the total deliveries amounted to 9,889,650 kilos.

Paragraph 2 of Annex VI gave the Commission an option for each six monthly period for the delivery " of any specific kind of dyestuff and chemical drug up to an amount not exceeding 25 per cent. of the German production of such dyestuffs and chemical drugs during the previous six months' period." The option came into force with the Treaty, that is on the 10th January, 1920.

At a meeting held in January, 1920, the German experts proposed that the Allies should establish a programme, to be carried out by Germany, of their real needs for three months and that the Reparation Commission should exercise its option on the monthly production. This proposal was accepted and a provisional protocol for its execution was signed on the 30th January, 1920. Since that

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* *See* page 231.

date Germany has had to inform the Commission each month of the production of the preceding month of all dyestuffs, as well as of the lowest prices at which they have been supplied to other purchasers. In practice the prices quoted are always those of the German internal market. The monthly lists of production are communicated to the interested Governments and they are given a certain time to pass orders up to the amount of the percentages attributed to them. These percentages were drawn up on the basis employed for the distribution of the balance of the stocks of the 15th August; they have been modified on more than one occasion, owing to unforeseen demands from Japan, and again owing to the provisional abandonment of deliveries by Japan and subsequently by the United States. Appendices XXV* and XXVI† shows the distribution before the withdrawal of the United States and on the existing basis.

When the time limit has expired, the balances of which the various countries have not availed themselves are offered to the different countries without regard to the percentages, and the balances are also drawn upon for deliveries to countries which have no percentage (the Serb-Croat-Slovene State and Greece). By this method any product which can be useful to one or other of the Allied and Associated countries is drawn from the 25 per cent. of German production, while each country is enabled to have at least a reasonable percentage.

The drawing up of the quarterly programmes of the needs of the Allied countries for the purpose of the agreement which was to replace the provisional agreement of the 30th January, 1920, presented serious difficulties, and the protocol of that date was first renewed on the 28th April, 1920, and a second time in a slightly different form on the 31st May. In its last form it will be found reprinted in Appendix XXVII‡

The German factories continued to turn out large quantities of the simpler dyestuffs, which were also being produced in United States, British, French and Italian factories, with the result that a proportion of them remained at the disposal of the Commission. In order not to disturb the markets by putting these dyestuffs on sale, the Commission negotiated the sale of the untaken balances to the Association of German Dyestuff Manufacturers (Interessengemeinschaft) and on the 3rd February, 1921, an agreement was signed under which this Association bought them back at 75 per cent. of the value shown on the monthly lists of production. This contract dealt with all the balances of the 25 per cent. of production from February to May, 1920, and the sum paid to the Commission amounted to 44,384,420 paper marks (3,026,100 gold marks).

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* *See* page 232. † *See* page 232.

‡ *See* page 233.

Various circumstances and, in particular, the inherent difficulties experienced in drawing up a precise programme, prevented the preparation of the new Agreement contemplated in January, 1920, and intended to take the place of those in existence. In the case of many types of dyestuffs 25 per cent. of the German production was not sufficient to satisfy the needs of the Allied Countries, and, indeed, many of the products for which there was a demand were not even manufactured. The Commission sought to fill this gap. The chief requirements were to enable the Allied distributing organisations to satisfy their own clients whatever might be the quantity called for, and to provide the materials at a reasonable price. Several conferences were held with the German experts in July, 1921. It appeared desirable, in order to interest the German factories in the smooth working of the Agreement which was under negotiation, to make a concession on the price of the quantities in excess of those the delivery of which was provided for in the earlier protocols, and it was in this spirit that the supplementary agreement of the 19th August, 1921, which will be found reprinted in Appendix XXVIII*, was signed after long negotiations.

This Agreement enabled the Allied distributing agencies to order each quarter the total quantities necessary for their industries, and to provide themselves with constant reserves to meet the demands made upon them. The Agreement only binds the German syndicate to execute the orders " as far as possible " and does not fix the price of the deliveries in advance. In practice it has been very exceptional for a syndicate to declare that it was impossible to manufacture a product which had been ordered and, save in a few cases, the invoice prices have been reasonable. As a matter of fact, extensive advantage has been taken of the Agreement by the Allied and Associated Powers; the manner in which the orders on reparation account have grown since the quarter July-September, 1921, which preceded the coming into force of the supplementary agreement, will be seen from the following figures:

	Tons ordered.
July-September, 1921	496
October-December, 1921	1,178
January-March, 1922	1,198
April-June, 1922	1,549
July-September, 1922	2,061
October-December, 1922	2,433

The supplementary agreement was amended on the 12th June, 1922, primarily with a view to facilitating the calculation of the prices. At the present time all orders passed under this amendment are payable as to half at the lowest current price of the German factories (in practice the internal price); and as to the other half, at the lowest price at which these factories sell in the

* *See* page 233.

Allied receiving country. The amendment, which will be found reprinted in Appendix XXIX,* was extended *sine die* on the 15th December, 1922.

To complete this account mention should be made of two other agreements of less importance for the delivery of dyestuffs on reparation account. Firstly, an agreement between the German factories and the French holders of pre-war contracts for dyestuffs, provides that supplies under these contracts shall be paid for by a credit to Germany on reparation account. This agreement was submitted by the German and French Governments to the Commission, which took note of it. In the second place the Commission took note of a German-Belgian Agreement, under which Belgium could order on reparation account at open market prices any dyestuffs which it could not obtain when desired within its share of the 25 per cent. of the daily production and which had not been provided for in the quarterly orders.

A difficulty of interpretation arose in the case of intermediate products, the French and English texts of paragraph 5 of Annex VI, which runs as follows, not being identical :

> " The above expression ' dyestuffs and chemical drugs ' includes all synthetic dyes and drugs and intermediate or other products *in connection with dyeing*, so far as they are manufactured for sale."
>
> " Les matières colorantes et produits chimiques pharmaceutiques visés à la présente Annexe comprennent toutes les matières colorantes et tous les produits chimiques pharmaceutiques synthétiques, ainsi que tous les produits intermédiaires et autres employés *dans les industries correspondantes* et fabriqués pour la vente."

It is not clear from the English text that the Commission's option extends to intermediates used in the manufacture of dyestuffs. The Commission had the right of interpretation, but did not avail itself of it, since in practice the Allied Experts were of opinion that it was preferable to encourage the Allied dye producers to manufacture their own intermediates. While reserving the interpretation of the Treaty, the Commission provisionally limited its option to the intermediates used in dyeing and printing. Moreover, in order to avoid their use in the manufacture of dyestuffs the option upon a large number of intermediates used both for the manufacture of dyestuffs and for dyeing and printing was limited to the quantities consumed in dyeing and printing before the war by the Allied countries (*see* paragraph 2 of the Protocol of the 31st May, 1920). However, Germany was manufacturing new products and certain old products were being more extensively employed (Naphtol AS, &c.). A modification of the provision was, therefore, necessary, and at the present time the following system is in operation : the

* *See* page 236.

products are divided into two groups, those specially employed in manufacture and those specially employed in dyeing or printing. In the first group orders at the lowest current price of the German factories can be passed for an unlimited quantity, provided that the products are employed only for dyeing and printing, and are not re-exported. In the second group the option is exercised at the prices provided for by the Treaty up to 25 per cent. of the German production and quantities in excess of the 25 per cent. can be ordered at the lowest price quoted by Germany in the country which passes the order.

Shortly after the Treaty came into force the Reparation Commission organised a Bureau for Dyestuffs and Pharmaceutical Products which works in liaison with the Allied Expert Committee, while Germany created at Frankfort a service (Zentrale der Farbstoff Fabriken, under the direction of Herr Muehlen), in touch with the German Expert Committee. Since the Reparation Commission allots dyes as a general rule only to Allied Governments or to agencies specifically appointed for this purpose by the Governments, France and Italy each set up a " Union des Producteurs et Consommateurs de Matières Colorantes " for the receipt and distribution of reparation dyes. Great Britain appointed first of all the Central Importing Agency and later the British Dyestuffs Corporation. The Belgian Government itself receives and distributes its dyestuffs. The United States gave a mandate to the Textile Alliance Incorporated of New York, but withdrew the mandate on the 14th December, 1921, without replacing the Textile Alliance. Nevertheless, the Commission at that time decided in consideration of the requirements of the United States industry, and in the absence of objection from the United States Government, to continue to deliver to the Textile Alliance the portion previously assigned to the United States. On the 29th November, 1922, the Textile Alliance informed the Commission that it renounced any right to order reparation dyes and the share of the United States was then distributed between Great Britain, France, Italy and Belgium.

The Frankfort Zentrale draws up every month lists indicating in the case of each product manufactured in Germany during the preceding month, 25 per cent. of the production and the lowest current price. These lists are immediately communicated by the Dyestuffs Bureau to the different Governments which have 30 days in which to forward their orders up to the amount of their percentages to the Zentrale at Frankfort. After 30 days the Dyestuffs Bureau draws up a new list indicating the quantities still available. This list is immediately communicated to the Allied Governments, who have a further period of thirty days within which to forward to the Bureau their orders for these balances. The balances are distributed a first time in proportion to the orders received on the 10th day and then later distributed in accordance with the orders without regard to percentages. Quantities not ordered within the total period of

60 days remain at the disposal of Germany. Orders for the 25 per cent. of the daily German production must be carried out by Germany within three weeks except in the case of " force majeure." An invoice accompanies each consignment and the amount, after conversion into gold marks, is then credited to Germany and debited to the receiving country on reparation account. As regards the United States, which has no reparation account, payments were made in dollars to the Commission by the receiving agency. The same method was adopted for the dyes sold directly to the Textile Alliance.

Certain Allied countries were put to inconvenience through the re-exportation of dyestuffs made by other Allied countries, and requested the Commission to take steps to prevent such re-exports. The attitude of the Commission was defined in a letter addressed to the Delegations of all the interested countries, the gist of which is contained in the two following extracts :

Dyes received subsequent to the 9th August, 1921.

" It is definitely understood that such dyes are ordered for domestic consumption and are not to be re-exported to countries receiving dyes through the medium of the Reparation Commission. In distributing these dyes to domestic consumers the receiving countries are expected to bring home this understanding to purchasers in such a way as to make it practically effective."

* * * * *

Dyes delivered before August, 1921.

" If practicable, the Commission would be desirous of having the same restrictions as to re-exportation of these dyes as are adopted for the dyes delivered since August."

As regards dyes ordered under the supplementary agreement of the 19th August, 1921, or its amendment, the question of re-exportation was regulated by Article 4 of the former (Appendix XXVIII*).

In Appendix XXX† there will be found the details of the supplies of dyes made by the Commission to the different Allied countries up to the 31st December, 1922.

II.—Pharmaceutical Products.

In the case of pharmaceutical products, as in that of dyestuffs, the Organisation Committee entrusted to a Sub-Committee of Experts the examination of the questions involved. This Sub-Committee, on which the United States, Great Britain, France,

* *See* page 234. † *See* page 237.

Italy and Belgium were represented, held its first meeting on the 12th September, 1919. The German experts attended this meeting, and proposed, on behalf of the German Government, to take the 20th September, 1919, as the date on which the stocks of synthetic pharmaceutical products should be made up. This proposal was accepted and it was also decided that Germany should put forward proposals as to prices. No understanding was entered into as regards the exercise of the option. While the French and Belgian experts pressed for the immediate exercise of the option in view of the scarcity of pharmaceutical products in their countries, the United States and British experts, on the other hand, considered that it was necessary to remain within the legal limitations of the Treaty in accordance with which the option could only be exercised by the Reparation Commission itself, that is to say after the Treaty came into force.

On the 9th December, 1919, Germany indicated the results of the inventories and the Allied Experts held meetings from the 5th to the 10th January, 1920, to examine them. It was found that the inventories were incomplete; in certain cases the quantities shown were obviously too low and numerous products covered by the clauses of the Treaty were not mentioned.

A discussion on these points took place with the German experts on the 30th January, 1920, and, as a result of the explanations furnished, it was decided to accept the German inventories " en bloc " subject to the declaration by Germany of the stocks of certain products omitted on the first lists and, in particular, of coleine and cocaine. Since, however, it was not proved that the patents for the synthetic manufacture of codeine and cocaine were being exploited, it was decided that only half of the stocks of these two products should be declared. It was also agreed to define synthetic pharmaceutical products as " all organic products which are not natural or which are not obtained by simple extraction from a natural product and which are employed in therapeutics."

Since the Treaty came into force the Commission's Bureau has dealt with pharmaceutical products in the same conditions as those indicated above for dyestuffs, while Germany set up at Frankfort a central organisation for the distribution of pharmaceutical products (Verteilungszentrale Pharmazeutischer Produkte).

On the 9th April, 1920, an agreement was reached to distribute the stocks on the basis of pre-war importations, and on the 12th April, the Allied and German experts initialled a protocol, which was signed by the Reparation Commission and the German Government, governing the delivery of 50 per cent. of the stock.

The organisation of the deliveries is similar to that which has already been explained for dyestuffs.

The distribution of the stocks was modified from time to time as a consequence of the abandonment of their shares by the United States and Great Britain and of a request by Japan to participate.

Finally, percentages were allotted to France, Italy and Belgium, Japan receiving certain small fixed quantities.

The option on the stocks was officially exercised on the 28th August, 1920, and the total deliveries amounted to 93,776 kilos.

It was decided, in agreement with Germany, to exercise the option on the daily production in a manner which differed slightly from that stipulated in the Treaty; it was agreed that Germany should forward monthly to the Commission a list of the quantities manufactured in the course of the preceding month and that orders for 25 per cent. of this production should be forwarded immediately. The protocol of the 19th October, 1920, governs these deliveries (*see* Appendix XXXI).*

The distribution of these quantities among the different Allies gave rise to long discussions and was subjected to modifications when the United States and Great Britain provisionally renounced their right to participate. For a few months Japan received fixed quantities, the balance being distributed between France, Italy and Belgium in proportions which will be found in Appendix XXXII.† Roumania, the Serb-Croat-Slovene State, and Greece receive pharmaceutical products drawn from the quantities of which the other countries do not avail themselves, quantities which are relatively important in the aggregate owing to the development of the pharmaceutical industry in France and in Italy.

Roumania, the Serb-Croat-Slovene State and Greece, in particular, urgently requested the delivery of salts of quinine and the German manufacture of this product having greatly declined since the war, several special agreements were made for the delivery of a total quantity of over fifty-six tons.

Appendix XXXIII‡ shows the deliveries of pharmaceutical products made to the different countries up to the 31st December, 1922.

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* *See* page 238. † *See* page 238. ‡ *See* page 239.

CHAPTER IX.

OTHER DELIVERIES IN KIND.

Deliveries in kind in general are provided for in Annex IV of Part VIII of the Treaty of Versailles and in Annex II, paragraph 19, while Annex III provides specially for the delivery of river shipping; the remainder of Annex III (Merchant Shipping), Annex V (Coal) and Annex VI (Dyestuffs and Pharmaceutical Products) have already been dealt with in separate chapters. In this chapter a summary account will be given first of the deliveries under Annex IV and under Annex II and thereafter of the special deliveries provided for in Annex III.

Deliveries under Annexes II and IV fall roughly into two main categories; special industrial articles delivered according to specification, and staple articles, *e.g.*, animals, timber and objects manufactured by mass production. It is in connection with the fulfilment or non-fulfilment of orders to specifications that the greatest practical difficulties have been encountered and that the practice of the Reparation Commission has been gradually evolved. This chapter will therefore begin by giving an account of the difficulties in question and of the resulting evolution of practice, and proceed to give a summary account of other deliveries, firstly under Annexes II and IV, and secondly under Annex III.

Annex IV, after having laid down (paragraph 1) the general principle that Germany will devote her economic resources directly to the physical restoration of the invaded areas of the Allied and Associated Powers to the extent that these Powers may demand, proceeds (paragraph 2) to stipulate the manner in which orders are to be presented, fixes (paragraph 3) time limits for submitting orders, defines (paragraph 4) the powers of the Commission as regards the demands to be made upon Germany in satisfaction of the Allied orders, and (paragraph 5) as regards the price at which deliveries are to be credited to the German Government.

The Commission is instructed to give representatives of the German Government an opportunity and a time to be heard as to their capacity to furnish the articles demanded.

Under the terms of paragraph 2, the Allied and Associated Powers were to file with the Commission lists showing:

> '(*a*) Animals, machinery, equipment, tools and like articles of a commercial character, which have been seized, consumed or destroyed by Germany or destroyed in direct consequence of military operations, and which such Governments, for the purpose of meeting immediate and urgent needs, desire to have replaced by animals and articles of the same nature which are in being in

German territory at the date of the coming into force of the present Treaty;

(*b*) Reconstruction materials (stones, bricks, refractory bricks, tiles, wood, window-glass, steel, lime, cement, etc. . .), machinery, heating apparatus, furniture and like articles of a commercial character which the said Governments desire to have produced and manufactured in Germany and delivered to them to permit of the restoration of the invaded areas."

The interested Allied Powers having presented their lists within the prescribed time, it was the duty of the Reparation Commission to examine the lists and after having taken into account " such domestic requirements of Germany as it deemed essential for the maintenance of Germany's social and economic life, the prices and dates at which similar articles could be obtained in the Allied and Associated countries as compared with those to be fixed for German articles, and the general interest of the Allied and Associated Governments that the industrial life of Germany be not so disorganised as to affect adversely the ability of Germany to perform the other acts of reparation stipulated for," to decide how far the articles mentioned in the lists were effectively to be required of Germany. Once an article shall have been ordered by the Commission, the German Government is under an obligation to deliver it and the interested Government to accept it provided it conforms to the specification given or is not in the judgment of the Commission unfit to be utilised in the work of reparation.

Paragraph 19 of Annex II in the original text of the Treaty provides that:

" Payments required to be made in gold or its equivalent on account of the proved claims of the Allied and Associated Powers may at any time be accepted by the Commission in the form of chattels, properties, commodities, businesses, rights, concessions, within or without German territory, ships, bonds, shares or securities of any kind, or currencies of Germany or other States, the value of such substitutes for gold being fixed at a fair and just amount by the Commission itself."

" Les payements, qui doivent être effectués en or ou ses équivalents en acompte sur les réclamations vérifiées des Puissances alliées et associées peuvent à tout moment être acceptés par la Commission sous forme de biens mobiliers et immobiliers, de marchandises, entreprises, droits et concessions en territoires allemands ou en dehors de ces territoires, de navires, obligations, actions ou valeurs de toute nature ou monnaies de l'Allemagne ou d'autres Etats; leur valeur de remplacement par rapport à l'or étant fixée à un taux juste et loyal par la Commission elle-même."

It will be observed that the operation of this paragraph depends on the making by Germany spontaneously of offers to deliver certain rights or chattels. It was in fact practically inoperative up to the time when, in May, 1921, the Allied and Associated Governments utilised the power given by paragraph 22 to amend Annex II by a unanimous decision of the Governments represented from time to time upon the Commission, and added a paragraph (known as paragraph 19 (2)) to the following effect:

"Germany shall on demand provide such material and labour as any of the Allied Powers may, with the prior approval of the Reparation Commission, require towards the restoration of the devastated areas of that Power or to enable any Allied Power to proceed to the restoration or development of its industrial or economic life. The value of such material and labour shall be determined by a valuer appointed by Germany and a valuer appointed by the Power concerned and in default of agreement by a referee nominated by the Reparation Commission."

"L'Allemagne devra, sur demande et immédiatement, fournir les matériaux et la main d'oeuvre que chacune des Puissances alliées réclamerait, avec l'approbation préalable de la Commission des Réparations, en vue de la restauration des régions dévastées ou en vue de permettre à ladite Puissance de procéder à la restauration ou au développement de sa vie industrielle ou économique. La valeur de ces matériaux et de cette main d'oeuvre sera fixée par un expert désigné par l'Allemagne et par un expert désigné par la Puissance intéréssée, et à défaut d'accord, par un arbitre nommé par la Commission des Réparations."

It will be observed that this addition to the Treaty imposes upon Germany the obligation to make deliveries not destined for the devastated regions.

The Treaty provides that lists under Annex IV, § 2 (*a*) shall be filed within sixty days after the date of the coming into force of the Treaty, and lists under § 2 (*b*) not later than the 31st December, 1919. The Commission found it necessary to extend these dates, the second of which was *ipso facto* rendered null and void by the fact that the Treaty was not ratified until the month of January, 1920. The dates were first extended to the 30th April and the 15th May, 1920. Further lists being presented, the Commission finally fixed the 15th August, 1920, as the date after which no order would be received, but subsequently made a further concession to the Greek and Roumanian Governments, which were subjected to greater geographical difficulties than the other Powers, by extending the date in their case to February, 1921.

The lists, as drawn up, included the most various kinds of material ranging from single objects to complete industrial installations and also demands for bulk deliveries such as timber,

seeds, cattle, spawn, game, etc. The value of the supplies demanded in the lists submitted in March and April, 1920, may be estimated very approximately at 10 milliard gold marks, distributed in the main as between countries and categories of supply in the following manner:

	Great Britain.	France.	Italy.	Belgium.	Serb-Croat-Slovene State
	Figures in millions of gold marks.				
Timber, textiles, paper ...	7	4,000	350	210	7
Seeds	—	550	40	13	—
Construction material, metal manufactures...	—	500	400	70	35
Industrial plant	13	800	170	150	50
Cattle	—	300	8	120	—
Various	—	400	100	300	50
	20	6550	1068	863	142

In the lists presented at a later date the values amounted to roughly 500,000,000 gold marks.

A preliminary examination of the lists enabled the Commission to suppress certain raw materials required by Germany herself; immediately afterwards the Commission, in order to save time, forwarded the lists to the German Government without exhaustive consideration of their details with a view to informing that Government of the general extent of its obligation and giving it the opportunity to submit offers based on the lists. The earlier demands of Great Britain, France, Italy, Belgium and the Serb-Croat-Slovene State were forwarded in the month of April, 1920, the supplementary demands for the same countries in the month of September, 1920, and the demands of Greece and Roumania in February, 1921. The Allied orders were to be studied and the business transacted in a manner approximating as closely as possible to ordinary commercial usage.

In spite of several reminders from the Commission, the German Government submitted no proposal to deliver, based on the lists despatched in April and May, before the month of September, 1920.

Up to the end of 1920 it offered material to an estimated value of 550 million gold marks, including motor trucks to a value of 275 millions and domestic furniture to a value of 105 millions. This latter delivery was of no practical interest for the devastated regions, seeing that at that time neither the houses nor the factories had yet been reconstructed.

The first offers of construction material* were made in the last quarter of 1920 to a value of approximately 11 million gold

* For the first offer of wood (August, 1920), *see* page 138.

marks. They covered tiles and bituminous felt. At the beginning of 1921, offers were received to deliver cement to a value of 100 million gold marks spread over several years, subject to the surrender of 65 tons of coal for every 100 tons of cement delivered. No offer for bricks was forthcoming.

Faced with these disappointing results, with a view to assisting the German Government to give evidence of its desire to fulfil its obligations, the Commission set up, in agreement with the interested Governments, an order of priority which was communicated to Germany on the 1st December, 1920. It furthermore indicated to the German Government, on every possible occasion, that such and such a category of supply was specially destined to satisfy the urgent needs of the devastated regions.

As showing that measures of this kind were necessary, it should be stated that it came to the knowledge of the Reparation Commission at the end of 1920 that a department of the German service dealing with the lists had received, but had not transmitted to the Reparation Commission, more than 10,000 proposals for the supply of machine tools which satisfied the Allied conditions.

If the results were unsatisfactory enough in the case of materials produced on a large scale, they threatened to be non-existent in the case of deliveries to specification, which required a settlement of technical details between purchaser and seller.

No improvement was registered until the month of March, 1921, when the German Government agreed to extend to such orders a procedure which had been in force since the latter part of 1919, for the deliveries of material to the damaged coal mines of the North of France. It was thus arranged that for the supply of all material of a special character or of articles to be found in catalogues, the German Government would notify the Commission of a certain number of firms undertaking to make deliveries on reparation account, and that the parties which had suffered damage through devastation would be invited to get into touch with one or more of them with a view to agreeing upon a commercial contract covering not only the technical conditions of delivery but the time limits and the prices. Moreover, the Reparation Commission reserved the right, in cases where there was a special reason to address a firm which had not been notified to the Commission by the German Government, to request that the interested Allied party should be placed in touch with the firm in question, and the German Government undertook that such requests would always be complied with save in exceptional cases for stated reasons.

This procedure has been largely applied, and between the month of February, 1921, and the end of 1922, 386 German letters were received proposing direct contact of the kind indicated; of these 192 referred to Belgian demands, 131 to French, 43 to Serb-Croat-Slovene, 16 to Italian and 4 to English.

The practical results of the procedure are a little difficult to estimate, more particularly as it merged into, and in fact encouraged

the adoption of, a wider procedure based on commercial usage which will be explained hereafter. It marks, however, the first step in an evolution towards the adoption of commercial methods and the reduction to a minimum of governmental intervention. Before proceeding to relate the subsequent process of this evolution, it is necessary to set out in a little greater detail the practical difficulties to which the unmodified Treaty system gave rise.

It is obvious that a system whereby requests for supplies to the value of milliards of gold marks are received by various Governments from hundreds of thousands of war victims, submitted to a process of examination, forwarded to the Reparation Commission, which must again sift and co-ordinate, submitted to the German Government, which in its turn must examine the orders from various angles, and finally seek suppliers, is in itself cumbersome, and even with goodwill on all sides, necessarily productive of delay. Leaving aside the material difficulties of the ordering governments and the political motives which might lead the German Government to be slow in the execution of deliveries in kind, by their very nature the administrative methods necessarily employed produced delays which were absolutely incompatible with the execution of programmes drawn up for the satisfaction of essentially transitory needs which evolved with the state of advancement of the work of reconstruction. These difficulties inherent in the Treaty system were considerably aggravated by others created by the German Government in the execution of deliveries in kind. The German regulations governing the execution of deliveries in kind claimed to take account of the interests of industry, of the condition of German external commerce, and of the interests of the public finance. The whole of German industry, including its war industry, claimed to participate in the supplies. It claimed that they should be distributed by means of the German industrial syndicates. It claimed also to receive a profit which it considered normal, and which the German Government made efforts to reduce to the minimum in the interests of the Treasury. On the other hand, still in the interest of the Treasury, the German Government wished to be credited for its deliveries at the highest possible price. Amidst continuous disputes and discussions, successive German Cabinets would appear to have maintained the theory that they should on the one hand pay to their own industries the lowest prices of the German market and on the other ask the Reparation Commission a price slightly below the price ruling in the country of destination, or in certain cases a price equal to that on the Dutch market. The " sacrifices " demanded from industry and the fact that syndicates existed to distribute the orders involved a discussion between the German administrative body (the Reichskommissariat) and the syndicates, between the latter and their members, and finally between these different bodies and those concerned with external commerce. Finally, greater or less difficulty was encountered in

the examination of the proposals for the execution of the orders of the German Government by the factories in proportion to the care with which the specifications had been drawn up.

Under the most favourable conditions it was impossible to count upon a reply, even of a simple character, in less than five weeks; the ordinary delay ran into several months. On the other hand it frequently happened that war victims, while awaiting official proposals, received directly from German industrial firms acquainted with their demands, proposals which showed that the material which they required was to be found in Germany, and offers to supply it on acceptable conditions.

Of all these difficulties that of prices was the most serious. Under Annex IV the Commission has entire liberty to fix prices. In paragraph 5 it is provided that " the Commission shall determine the value to be attributed to the materials, articles and animals to be delivered . . . and the Allied or Associated Power receiving the same agrees to be charged with such value. . ." The only indications as to the basis of valuation are to be found in a passage in paragraph 4 of the above quoted Annex, which provides that in deciding whether the articles demanded by the Allied Governments are to be ordered, the Commission shall consider the prices of similar articles " in the Allied and Associated countries as compared with those to be fixed for German articles," and in the second part of paragraph 5, dealing with cases where the right to require physical restoration is exercised. In this latter case the provision was inapplicable, the Commission having adopted the following formal interpretation :

> " The obligation of the Commission arising out of sub-paragraph 2 of paragraph 5 of Annex IV provides solely for the hypothesis of German co-operation in the restoration of the devastated regions by the supply of both labour and materials."

To arrive at a value in the economic conditions prevailing, and in the special circumstances of the delivery, in the absence of more specific directions in the Treaty, was excessively complicated, and all the elements of the problem were controversial. Moreover, throughout the period under review, economic and financial conditions in Germany fluctuated so violently that the price fixed at a given moment was liable to be out of date before the order was fulfilled.

The main difficulty arose from the wide differences between gold prices ruling in Germany, in the Allied countries, and in the world at large. At the outset three different bases suggested themselves for consideration : the internal German price, the price on the world market, and the price on the market of the country of destination.

In October, 1920, the German Government, basing itself upon paragraphs 4 and 5 of Annex IV, maintained that the Reparation

Commission had a duty to fix prices after taking account of conditions in the markets of the Allied and Associated Powers. In the same month the Commission set up a special Committee to consider the question of prices and method of payment, in consultation with the Chairman of the Kriegslastenkommission, and to put concrete proposals before the Commission. In fact the Committee was unable to arrive at a unanimous conclusion, and in consequence discussion with the German Delegation did not take place.

It is none the less interesting to record two different proposals, neither of which could be accepted unanimously, examined by the Sub-Committee. The first was to the following effect :

" The price to be fixed for each of the deliveries under Annex IV will be the lowest of the prices (duly recorded) current in the markets of the receiving countries, on condition that the price is equitable for Germany, any country which does not accept the price being free to renounce the supply.

" The price current on the internal German market, or, in the event of no such price existing, the cost of production increased by a percentage of production and manufacturing profit (*e.g.*, 10 to 15 per cent.), is considered a fair price for Germany."

The second proposal was couched in the following terms :

" (1) For all deliveries of special materials, the buyer and seller shall be brought into touch with each other and left to arrange a mutually satisfactory price, the Reparation Commission fixing the price only when agreement cannot be arrived at ;

" (II) For deliveries of ' matériel banal ' (which includes raw material and partly or wholly manufactured articles) which can be standardised sufficiently to enable sales to be made in bulk :

" (1) Whenever possible the price should be agreed between the Allies and Germany ;

" (2) Where this is impossible one of the following alternatives should be adopted :

" (*a*) The world price should be taken where the world market is sufficiently large to enable all to supply their legitimate needs ;

" (*b*) The price should be fixed by the Reparation Commission after a study of the prices ruling in the receiving country, in Germany and in other countries, some form of average being arrived at ;

" (*c*) The pre-war gold price should be taken and multiplied by a uniform co-efficient, to take account of the depreciation in the value of gold."

At the time when this Sub-Committee was registering its failure to agree, the Brussels Conference of Experts, to which reference has been made in an earlier chapter, was studying the general problem of reparation. One of the suggestions submitted by this Conference for the approval of the Allied Governments was that

the Reparation Commission should establish definite rules for fixing the price of deliveries in kind laid down in the Treaty. It contemplated that the system of deliveries in kind would have to be extended if Germany was to meet her obligations; the general deliveries in kind which could be exacted under the Treaty were in fact limited, roughly speaking, to those which appeared on the lists originally submitted under Annex IV or to deliveries substituted for those originally contained in the lists. For deliveries not specifically provided for in the Treaty it was suggested that the prices should be settled by special agreements to be drawn up. It was contemplated that part of the normal Allied purchases of German goods effected by ordinary business methods would be paid for by the German Government out of a special mark credit on reparation account. The movement towards a system corresponding more closely to ordinary business transactions, and the movement towards a more extended use of deliveries in kind as a means of liquidating Germany's obligation, are both to be noted; both continued and led, as will presently appear, to important modifications of practice.

Some months later, in April, 1921, the German Government notified its intention to arrest all deliveries of livestock on the ground that no decision had been taken by the Commission regarding prices to be fixed therefor, and the Commission on that occasion decided that the question of deliveries was independent of that of prices.

A fortnight later the Commission confirmed this decision, but at the same time took the two following further decisions in an effort to minimise the price difficulties constantly experienced:

1. "Nevertheless, in view of the fact that it was desirable on the one hand that prices should be determined as quickly as possible for all deliveries in kind, and, on the other hand, that in future this determination of prices should be arrived at unanimously, it was decided that whenever such unanimity could not be reached, the Commission would submit the question to an arbitrator to whose decisions all Delegations bound themselves to conform when voting.

2. "When the arbitrator was appointed, it would be intimated to him that the Reparation Commission considered that Annex IV had been inserted in the Treaty in order to avoid, in respect of deliveries to be made by Germany, any abnormal prices produced by an abnormal demand brought about by the fact of the existence of the devastated regions and that Annex IV was intended to provide for the restoration of these regions as quickly as possible."

It is perhaps convenient, before proceeding further with the account of the evolution which the system of deliveries in kind has undergone, to deal at this point with an incidental difficulty which presented itself, even when the value to be attributed to an

article had been successfully determined. It remained to decide in what currency the price was to be expressed. In the disorganised state of the European exchanges and of the German exchange in particular, a decision on this point was peculiarly liable to give rise to anomalous results.

The principle first adopted in the year 1920 was to express prices in gold marks, but at that time gold values were themselves unstable and descending more or less rapidly. As the tendency to a fall in gold prices developed, opposition to the fixing of prices in gold marks hardened both on the Allied and on the German side. While gold prices were falling the German and Allied exchanges were depreciating. If a price for a supply to be effected in three to six months were fixed in gold it meant that the German Government had to pay the supplier on the due date a larger sum in paper marks, while the Allied Government was debited with a sum which, expressed in its own currency, was higher than could be foreseen at the time when the order was placed. This difficulty was naturally aggravated by the relative slowness, as compared with commercial practice, of the Treaty procedure.

In the next stage the German Government, trusting in the improvement of the mark, requested that the prices should be fixed in paper marks and converted into gold marks only after the delivery—a method which the German Government ceased to favour at the end of six months. At a later date a general measure of agreement was arrived at for each Government to take the risk of its own exchange. The only possible basis for business discussion between German industrial interests and the Allied war victims was a paper currency. The price thus fixed in paper currency was to be converted into gold on the basis of its value at the date of the offer of the German supply if the offer was accepted without modification, or at the date of the agreement when the original offer had been modified in important respects.

At the beginning of May, 1921, the Allied Governments, on the occasion of the Supreme Council meeting in London, to which reference has been made in preceding chapters, considerably extended the powers of the Allied Governments to demand deliveries in kind on Reparation account, by the addition to Annex II of a paragraph, 19 (2), quoted at the beginning of this chapter. In the following month, an important step was taken in the process of assimilating reparation orders to business transactions. In that month, the transformation of private agreements arrived at in the ordinary course of trade into orders on reparation account was initiated. In its earliest and simplest form, the procedure adopted was the following: a contract having been signed by a German supplier and a war victim, or a firm offer having been made by the one party and accepted by the other, the Delegation concerned forwarded the documents to the Commission, which in its turn assumed that Germany's ability to deliver was *primâ facie* established by the existence of the proposal made by

the German supplier and notified the order to the German Government in the form usually employed for reparation orders, but enclosing the document embodying the agreement of the interested parties.

In its early stages, this procedure gave rise to a certain number of difficulties. The German Government, while accepting as valid the assumption that the offer to supply was evidence of the German capacity to supply, was unwilling to take account of the supplier's offer from any other point of view and claimed the right, at any rate when the offer did not relate to special material, to effect the delivery through a firm of its own choice. It declared that it was indispensable moreover, when a certain number of articles or machines was ordered, to break up the order among different manufacturers. In other cases, the German Government stated that the prices contained in the private offers were not in keeping with those which were imposed by the export regulations or by the rules of the German manufacturing syndicates. These difficulties imposed upon the Service of the Commission a considerable amount of detailed work in the examination of particular cases, and for this reason the procedure did not furnish a satisfactory solution to the main problem. It was, however, instrumental in securing an increase in the number of deliveries and it was consecrated by the Berlin Agreement of the 2nd June, 1922, which was indeed, as will later appear, only its systematic development.

Wiesbaden Agreement.

In the meantime, direct negotiations were taking place between France—the Power principally interested in reparation—and Germany, for the extension of deliveries in kind and their more systematic assimilation to private orders, and they led to the signature on the 6th October by M. Loucheur and Herr Rathenau of an agreement at Wiesbaden. The full text of this agreement has already been published by the Commission.* The Agreement applies to the delivery of all material and supplies to the devastated regions, eliminating in so far as these regions are concerned the operation of Annex IV, and of Annex II paragraphs 19 and 19 (2). For deliveries to other regions paragraphs 19 and 19 (2) remain in force. A German private company deals directly with orders from French war victims without the intervention of the two Governments. The company is to deliver all material and supplies compatible with the productive capacity of Germany, her supply of raw materials and her domestic requirements.

Any question as to the capacity of Germany to satisfy French requirements and all questions of price were to be settled by a commission of three members, one French and one German and

* Reparation Commission: II. Agreements concerning Deliveries in Kind, published by H.M. Stationery Office, 1922.

a third selected by common agreement or nominated by the Swiss President.

There was a limitation on the value of the orders to be placed and special provision, which is not relevant to the subject matter of this chapter, for a system of deferred credits to Germany on reparation account for the deliveries actually effected.

The agreement was considered by the Commission to involve certain departures from the Treaty and was therefore submitted to the Governments on the 20th October, 1921, by a decision in the following terms :

> " 1. It entirely approved the general principles underlying the Agreement whereby special arrangements were proposed for enabling Germany to liquidate the largest possible proportion of her reparation obligations in the form of goods and services, more especially with a view to the speedier restoration of the devastated regions.
>
> " 2. At the same time, it considered that the Agreement involved certain departures from the provisions of Part VIII of the Treaty of Versailles, notably Article 237, paragraphs 12 and 19 of Annex II and paragraph 5 of Annex IV.
>
> " 3. As the Commission had no power to authorise such departure, it decided to refer to the Governments represented on the Commission, with a copy of the memorandum and its annex, recommending a favourable examination of them.
>
> " 4. The Commission recommended that reasonable facilities for deferred payment in respect of the exceptional volume which, if the arrangements were successful, the deliveries in kind to France were likely to assume during the next few years, should be accorded to France subject to any safeguards which the Allied Governments might regard as necessary to protect their respective interests."

It was not until the 11th March, 1922, that it received the approval of the other Allied Governments and on the 31st March, of the Commission, subject to certain safeguards and restrictions fully set out in the volume to which reference has been made. (*See* Volume II, page 12.)

Berlin Agreement.

At the time when the Wiesbaden Agreement was first submitted to it, the Commission instructed its Service for Restitution and Reparation in Kind to carry out a thorough re-examination of the whole system under which deliveries in kind were ordered and executed. In pursuance of this decision, a special mission headed by M. Bemelmans, the Belgian Assistant Delegate, went to Berlin at the beginning of February and concluded an agreement with Herr Rathenau and Herr Kuntze on the 28th February, which was submitted to the German Government and the Commission for ratification. Certain modifications were ultimately found to be

necessary and it was only on the 2nd June, 1922, that the agreement was definitely signed.

Concurrently, the French Government negotiated a further agreement (known as the Gillet Agreement), which substitutes the Agreement of the 2nd June for the Wiesbaden Agreement in the case of all goods other than those found in Annex A of the former; the Wiesbaden Agreement continues to favour the supply of goods covered by Annex A.*

The underlying principles of the Berlin Agreement, from the operation of which certain specified categories of commodities and certain specified articles are excluded, are the following: the interference of the Governments is limited to the strict minimum required, and the Reparation Commission only intervenes in certain clearly determined cases; apart from the regulations which govern external commerce in the different countries, the freedom of the contracting parties is unrestricted; payment is effected by means closely approximating to those of ordinary commerce.

Any Allied national is at liberty, under the agreement, to conclude a contract with a German national and to demand in the agreement with the latter that payment should be made on reparation account, provided always that the contract does not relate to a material specifically excluded from the scope of the agreement. If the contract is forwarded to it within 15 days of its signature, the Commission automatically notifies it, without previous examination, to the German Government, which is obliged to assume all financial responsibility, unless within a fixed period it can show to the satisfaction of the Commission that the contract either violates a clause of the agreement or constitutes a fraudulent transaction or is contrary to German export regulations.

The procedure is open to the nationals of any Government which chooses to adopt it, and the expression " national " in this connection covers any individual or corporate body residing in the country and subject to its laws. In certain specified cases, the buyer, if not a sinistré, must pay in cash a fixed percentage of the price.

The agreement was ratified by the German Legislature on the 14th July, 1922, and on the 25th July the Commission decided to address to the Governments of Great Britain, France, Italy, Japan, Belgium, the Serb-Croat-Slovene State, Bolivia, Brazil, Cuba, Greece, Haiti, Liberia, Peru, Portugal, Roumania, Siam and Czecho-Slovakia, a letter enquiring whether they wished to adopt the arrangement. The letter was written without prejudice to the question whether each of the Governments mentioned was one of the " Governments concerned " which, under the terms of the agreement, are free to adopt it, and the Commission reserved the right, in the case of an affirmative reply, to examine whether the

* *I.e.*, goods the exportation of which is absolutely prohibited or allowed only to the extent fixed and published in the commercial journals or periodicals. *Vide* " Agreements concerning Deliveries in Kind " pp. 16 and 21.

state of the reparation account of the particular Government entitled it to make use of the arrangement.

The French Government had already brought the Gillet Agreement into operation. The Berlin Agreement was adopted by the Belgian Government, as from the 15th August, by the Portuguese Government as from the 8th September, and by the Roumanian Government as from the 16th November. In the period ending 31st December, 1922, the above four countries have placed the following contracts.

		G.M.
France	604 contracts	6,815,000
Belgium	161 contracts	7,785,000
Portugal	28 contracts	21,600,000
Roumania	40 contracts	28,640,000

Orders Passed under Paragraph 19, *Annex II.*

Before terminating this account of orders for special articles, a few words should be added regarding the operation of paragraph 19 of Annex II. This paragraph in its original form, as has been pointed out, depends strictly for its operation upon German initiative, but in fact the German Government has not taken advantage of it to make offers. In a certain number of cases, however, it was employed in practice by agreement to bring into the Treaty machinery certain private contracts for articles not falling under Annex IV, in the period before the addition of paragraph 19 (2) gave the Commission wider powers. The total value of the orders notified up to the 31st December, 1922, was 181,148,000 gold marks, of which roughly 90 per cent. were on the Serb-Croat-Slovene account.

Orders Passed under Paragraph 19(2) *of Annex II.*

The amendment of paragraph 19 by the addition of a sub-paragraph (2) in the terms which have been quoted at the beginning of this chapter, gave the Commission powers to exact deliveries in kind outside the lists of Annex IV. The separate operation of the sub-paragraph is much reduced in importance by the Berlin Agreement, which in practice obliterates the distinction between Annex II and Annex IV by superseding them in the case of any Government which adopts the agreement. The orders placed up to the 31st December, 1922, under paragraph 19 (2) amount in value to 197,618,000 gold marks, almost the whole of which is accounted for by British and Serb-Croat-Slovene orders. The British orders, to the value of 98,500,000 gold marks, are for timber, which the British Government would not have been entitled to demand under Annex IV. The Serb-Croat-Slovene Government has found the procedure of the sub-paragraph well adapted to its own special requirements, has not at the time of writing adopted the Berlin Agreement and counts in the above total for 84,245,000 gold marks.

Paragraph 19 (2) contemplates, it will be remembered, not only extended deliveries in kind but also the employment of German labour. It has not been, up to the present date, effectively utilised for the latter purpose. In July, 1922, however, the French Government submitted a first programme for the execution of a certain number of public works in French territory, as follows :

Work.	Estimated cost of the work to be carried out by Germany. (*In millions of francs.*)
Improvement of the Rhône	2,665
Improvement of the Truyère	129
Improvement of the middle Dordogne	185
Wesserling tunnel on the proposed railway line between St. Maurice and Wesserling	63·5
Nord-Est Canal (Sarre, Moselle, Meuse, Schelt)	862·4
Total	3,904·9

It was understood that the work was contemplated to cover a period of some ten years. In order to enable details of the programme to be worked out in collaboration with Germany, a step which was not formerly possible without the approval of the Reparation Commission, provisional approval was granted in the following terms :

> " The Reparation Commission considered that the schemes proposed were such as would in principle fall within the scope of paragraph 19 (2) of Annex II to Part VIII of the Treaty of Versailles, and in consequence gave its provisional approval thereto.
>
> " Before, however, giving the ' prior approval ' contemplated in that paragraph, the Commission would await the submission by the French Government of a detailed exposition of the nature and quantity of the material and labour which would be required to be furnished by Germany, of the period of time contemplated, and of the financial and accounting arrangements proposed."

The question did not come again before the Commission before the end of 1922.

An attempt has been made in the above recital to indicate the manner in which the system of deliveries in kind has evolved. In most respects the evolution has been in the direction of greater simplification. Absolute unification, however, thanks in great part

to the differing needs of the various countries concerned, has not been attained. France applies the Wiesbaden Agreement for articles destined for the devastated regions which appear in Annex A of the Berlin Agreement, the Gillet Agreement for all other articles for the devastated regions, and Annex II, paragraph 19 (2), for supplies having another destination and in general for labour; Belgium applies the Berlin Agreement, and for articles not falling thereunder the Treaty procedure; Portugal and Roumania apply only the Berlin Agreement; Italy and the Serb-Croat-Slovene State use Annex IV and Annex II, paragraphs 19 and 19 (2).

In the course of 1922, the various procedures in force resulted in deliveries as follows* :

	G.M.
France	19,291,751
Great Britain	507,306
Italy	47,616,958
Belgium	17,352,935
Serb-Croat-Slovene State ...	116,440,832
Greece	3,604,055
Roumania	14,551,000
Portugal	10,200,000

Moreover, on the 31st December, 1922, orders had already been notified for 1923 to a value of over 395 million gold marks, made up as follows :

	G.M.
France	98,905,000
Great Britain	71,500,000
Italy	39,832,000
Belgium	19,635,000
Serb-Croat-Slovene State ...	138,500,000
Greece	2,000,000
Roumania	14,100,000
Portugal	10,600,000

It is unnecessary to give in detail an account of the various deliveries of staple commodities. The deliveries of animals and of timber, however, have been for various reasons sufficiently important to require something more than a statistical statement, and we shall therefore give the history of these particular deliveries in some detail.

Animals.

It will be remembered that animals may figure in the lists to be filed under Paragraph 2 of Annex IV. Paragraph 6 of the Annex further provides that as an immediate advance on account of

* The values are inclusive of the deliveries of staple commodities and the figures in each case must be regarded as provisional. They are exclusive of deliveries under Annexes III, V, and VI.

the animals referred to in paragraph 2 (*a*), Germany should deliver in equal monthly instalments in the three months following the coming into force of the Treaty the following quantities of livestock :

(1) *To the French Government :*

500 stallions (3 to 7 years) ;
30,000 fillies and mares (18 months to 7 years), type : Ardennais, Boulonnais or Belgians ;
2,000 bulls (18 months to 3 years) ;
90,000 milch cows (2 to 6 years) ;
1,000 rams ;
100,000 sheep ;
10,000 goats ;

(2) *To the Belgian Government :*

200 stallions (3 to 7 years), large Belgian type ;
5,000 mares (3 to 7 years), large Belgian type ;
5,000 fillies (18 months to 3 years), large Belgian type ;
2,000 bulls (18 months to 3 years) ;
50,000 milch cows (2 to 6 years) ;
40,000 heifers ;
200 rams ;
20,000 sheep ;
15,000 sows.

As soon as the Treaty had been signed, attention was given to the preparation of this delivery on account. Allied and German experts met at Versailles in the month of July, 1919, and in August it was possible to notify Germany of the terms of the Protocol fixing the principal terms of delivery. The delay which occurred in the ratification of the Treaty involved a corresponding delay in the execution of the measures contemplated. Moreover, the Reparation Commission thought it necessary to review the information collected by the Organisation Committee, and the deliveries did not in fact begin until March, 1920. Nor, when begun, were they carried out with the rapidity prescribed by Article 6 ; even at the end of 1922, nearly three years after the coming into force of the Treaty, the delivery of cattle had not been completed. The practical execution of the prescriptions of the Treaty encountered difficulties which could not have been foreseen when it was drafted. The appearance of cattle-plague in Belgium and the serious extension of foot-and-mouth disease in Germany complicated the existing difficulties of assembling, inspecting and transporting large numbers of animals.

In Appendix XXXIV(*) there will be found a table which sets out in detail the principal demands for the delivery of animals which figured on the lists submitted under paragraph 2 (*a*). Before deciding on these demands the Commission made inquiries into the

* *See* page 240.

number of cattle in existence in Allied countries and in Germany respectively before the war, into the quantities existing in 1919 and the proportion between these numbers and the population of the countries in question before the war, after the war, and after the execution of the Allied demands, on the assumption that they were approved by the Commission.

These inquiries led the Commission to conclude that the Allied demands were legitimate; Germany, however, strongly opposed the deliveries of milch cows in particular, on the ground that their loss would result in a great increase in infant mortality. The Commission, therefore, before framing a definite programme, went into the whole question exhaustively with agricultural and physiological experts of German and Allied nationality. As a result of these meetings and conferences the Commission was enabled to notify on the 8th December, 1920, the following programme by agreement with Germany:

(*a*) A final programme to be carried within three to four years.

Poultry	1,740,000 head.
Goats	25,165 ,,
Swine	15,250 ,,

(*b*) A provisional programme for horses, cattle and sheep for six months (February to August, 1921).

As regards these classes, the Commission was faced with the fact that the deliveries on account prescribed by paragraph 6 were still uncompleted, while the difficulties in delivering cattle and even sheep created by the outbreak of foot-and-mouth disease still persisted. As regards horses, the chief difficulty in establishing a final programme was that Germany pleaded her incapacity to find the number of heavy horses required by the Allied countries. It was for these reasons that by agreement between the Allied and German experts the programme for these three classes of animals was established only for a period of six months as follows:

	France.	Italy.	Belgium	Serb-Croat-Slovene State.	Total.
Horses	9,409	3,632	7,395	9,667	30,103
Cattle	43,385	5,630	23,350	17,635	90,000
Sheep	37,730	2,800	27,250	57,220	125,000

When the question again came under the consideration of the Commission in July, 1921, the above deliveries had not been carried out in their entirety and it was necessary in establishing a further programme to take account of the arrears thus incurred.

The Commission was by this time seized of demands by Greece and Roumania. In view of the difficulties in transporting to these two countries a considerable number of animals, Greece

declared after further examination that she would not insist on receiving them from Germany, while Roumania effected a considerable reduction in her demands, which were finally fixed at 30,000 horses, 75,000 head of cattle, 200,000 sheep and 3,000 head of poultry.

Renewed consultations took place between the Allied and German experts as a result of which, again by agreement, the following programme was notified on the 23rd July, 1921:

	France.	Italy.	Belgium.	Serb-Croat-Slovene State.	Roumania.	Total.
Horses	*12,400	1,095	Nil	7,923	2,382	23,800
Cattle	98,385	9,980	44,000	17,635	Nil	170,000
Sheep	66,000	7,000	Nil	130,000	Nil	203,000

Arrears are included in the above figures in the case of all the cattle and in the case of the sheep to be delivered to Italy and to Serbia. In other cases the arrears fell to be delivered in addition to the quantities mentioned.

The deliveries were to have been completed on the 31st January, 1922, but once again there was a shortage at the end of the period. By agreement the time limit was extended until the 1st April, 1922, and it was arranged that a meeting should be held in the month of March to lay down further deliveries.

When this meeting took place, the deliveries had not been completed, in spite of the extension, and at that date the position was as shown in the following table, which takes account of certain arrangements arrived at between the different Powers and Germany to make up the arrears and to provide for certain readjustments among the categories. The table includes both deliveries under paragraph 6 and those under paragraph 2 (*a*).

	France.	Italy.	Belgium.	Serb-Croat-Slovene State.	Roumania.	Total.
Horses.						
Ordered	53,735	4,727	17,782	12,124	2,382	90,750
Received	53,715	3,638	17,559	11,967	—	86,879
Arrears	20	1,089	223	157	2,382	3,871
Cattle.						
Ordered	172,385	15,192	115,350	17,635	—	320,562
Received	79,864	—	73,781	839	—	154,484
Arrears	92,521	15,192	41,569	16,796	—	166,078
Sheep.						
Ordered	204,730	7,000	62,450	57,000	—	331,180
Received	149,205	3,203	48,558	—	—	200,966
Arrears	55,525	3,797	13,892	57,000	—	130,214

* The original figure was 18,000, reduced to the above by agreement with Germany.

Furthermore, a fresh complication arose from the fact that substitution agreements were under discussion or already concluded to bring the application of Article 238 to an end*; France, for instance, as a consideration for other advantages received, had agreed as from the 15th July, 1921, to abandon all deliveries of animals with certain specific exceptions.

To take account so far as possible of all the modifications in cattle deliveries involved by substitution agreements and by other agreements which were being negotiated, an order which was notified on the 23rd March, 1922, cancelled all the arrears and imposed the following deliveries on Germany between the 1st April and the 31st December, 1922 :

	France.	Italy.	Belgium.	Serb-Croat-Slovene State.	Roumania.	Total.
Horses	†3,919	4,200	4,700	10,000	4,800	27,619
Cattle	101,500	25,000	41,500	25,000	—	193,000
Sheep	107,000	17,000	14,000	57,000	—	195,000

Except in the case of horses, the deliveries continued to be exceedingly unsatisfactory. On the other hand, negotiations were entered into by the Germans with almost all the interested Powers with a view to the conclusion of agreements similar to that concluded with France. Belgium, who after April, 1922, received only insignificant numbers, and Roumania who received none, submitted to the Commission agreements embodying the abandonment, subject to certain specific exceptions, of all their demands for animals.

Up to the 31st December, 1922, Germany delivered the following numbers in execution of paragraph 6 of Annex IV and of the orders under paragraph 2A above enumerated :

	France.	Italy.	Belgium.	Serb-Croat-Slovene State.	Totals.
Horses	57,654	7,956	17,557	18,492	101,659
Cattle	74,893	25,245	73,231	839	174,208
Sheep	162,362	20,293	48,738	—	231,393
Goats	11,687	—	9,977	—	21,664
Poultry	131,632	—	114,056	—	245,688

Account being taken of the various substitution agreements which have been made, the balance remaining to be delivered on reparation

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* *See* Chapter IV.

† The original figure was 29,700, reduced to the above by agreement with Germany.

account under Annex IV (except in case of failure to execute the substitution agreements) is as follows :

	Italy.	Serb-Croat-Slovene State.	Totals.
Horses	11,962	34,708	46,670
Cattle	27,430	157,000	184,430
Sheep	7	420,000	420,007

Timber.

As was natural with material so necessary for the purposes of reconstruction, requests were made for delivery of timber before the Treaty came into force. On the 31st October, 1919, the French Government submitted an urgent request for 360,000 cubic metres to be delivered before the end of June, 1920, and indicated at the same time that its future needs would be at least 10 million cubic metres.*

At the beginning of March, 1920, Germany proposed to deliver 10,000 cubic metres a month in the aggregate for the three Allied Powers interested. The Annex IV lists, which had then been filed, contained—

40,000,000 cubic metres of sawn timber for France.
7,500,000 ,, ,, ,, ,, ,, Italy.
2,500,000 ,, ,, ,, ,, ,, Belgium.

In face of the practical difficulties entailed by the supply of such quantities, it was decided to adopt a system of annual programmes, and to distribute the deliveries over a period exceeding the four years provided for by Annex IV. The Commission was advised that there was no legal obstacle to the negotiation of this extension of the time limit, but, in any case, the question became unimportant after the introduction of paragraph 19 (2) of Annex II.

The Allied demands for deliveries in the course of the autumn of 1920 and spring, 1921, amounted to—

400,000 cubic metres hard wood } for France.
1,000,000 ,, ,, soft ,, }
100,000 ,, ,, hard ,, } for Belgium.
300,000 ,, ,, soft ,, }
100,000 ,, ,, hard ,, } for Italy.
200,000 ,, ,, soft ,, }

It was decided that the Allied and German experts should meet in the month of July, 1920. These meetings of experts were afterwards held periodically and led to the establishment of the annual programmes of which an account is here given.

* Several standards of measure are generally used for the various types of timber ordered (cubic metres for sawn wood and pit props ; the piece for sleepers and telegraph poles, &c.), and in this Chapter, for the purpose of facilitating comparison these various standards are reduced to a cubic metre in terms of logs representing the amount of timber necessary in the log. For instance, there are 10 to 12 French sleepers in a cubic metre of sawn timber, but 5 to 6 in the cubic metre in terms of logs. In the same way a cubic metre in terms of logs corresponds to about ·65 to ·70 cubic metres of ordinary sawn timber. For telegraph poles and pit props the cubic metre and the cubic metre in terms of logs are identical.

At the meetings of July, 1920, the Allied experts estimated Germany's capacity to deliver at 3,500,000 M³ per annum, after taking into account the difficulties of production in Germany, the difficulties of transport then existing and the capacity of the receiving centres in Allied countries. Further, they agreed on the following distribution :

	Hard woods. Per cent.	Soft woods. Per cent.
France	60	65
Italy	22	17·5
Belgium	18	17·5

It was contemplated that hard woods would account for one-fifth and soft woods for four-fifths of the total.

In August, 1920, German experts put forward proposals for the delivery over a period of four years, of 1,440,000 M³ per annum. They subsequently undertook to deliver 240,000 M³ a month for four months, and to prepare in the interval the final and general programme of delivery. This latter proposal was accepted on the 21st September, 1920, but it was not possible at that time to draw up any technical protocol. Discussions with the German experts continued for another six weeks, and it was not before the 23rd November, 1920, that the technical protocols were duly signed. It was only at the time of signature that the German experts raised the question of price and made a reservation upon it. The Commission requested the experts to submit a proposal regarding prices and a report was accordingly forwarded to the Commission on the 11th December, 1920. Discussions continued between the Commission's Service and the German Delegation until the end of January, 1921, without an agreement being reached, but the German representatives declared that felling had been begun and was being continued.

On the 8th February, 1921, following an abandonment by Italy of an important part of her demands, the Commission was at last in a position to define its attitude on quantities and prices. It was only on the 15th May, 1921, that delivery of the 240,000 M³ a month, the execution of which had been intended for the autumn of 1920, could begin under the terms of the technical protocols. Further delays resulted in the programme being transformed into a programme for the whole of the year 1921, as follows :

		France	Italy.	Belgium.
Sleepers	(piece)	840,000	—	460,000
Telegraph poles	„	160,000	—	40,000
Sawn timber, resinous ...	M³	232,800	42,000	40,000
„ „ hard ...	„	—	2,700	—
Logs, resinous	„	88,000	8,000	48,000
„ hard	„	—	6,200	—

But even this programme was not completely carried out; the German Government had decided to have recourse to tenders on

the basis of an average price of 650 paper marks without taking account of the fixed rate of exchange laid down by the Commission, which transferred this paper mark price into a gold price. After a certain interval the German Government declared that it had been impossible for it to find the necessary quantities; in the case of France for example, the tenders had produced only 20 per cent. of the quantities demanded.

On being called upon to arrange for the supply of the balance of 80 per cent., Germany proceeded to fresh tenders. At that time, however, the Wiesbaden Conferences were opened, and as a result of the signature of the Agreement, which covers timber deliveries, the German Government obtained the consent of the French Government to the cancellation of the 80 per cent. in question.

Furthermore, France had also renounced her claim to the 840,000 sleepers which had not been delivered by the German Government at the proper time, and the order was immediately taken over by Belgium.

The following table shows the amounts ordered after taking into account the above modifications and the amounts actually delivered :

	France.		Italy.		Belgium.	
	Ordered.	Delivered.	Ordered.	Delivered.	Ordered.	Delivered.
Sleepers (piece) ...	—	—	—	—	1,300,000	123,186
Telegraph poles (piece).	160,000	27,398	—	—	40,000	19,736
Sawn timber, resinous (M³)	52,884	37,264	42,000	36,767	40,000	19,480
„ „ hard „	—	—	2,700	298	—	—
Logs, resinous „	6,200	4,924	8,000	—	48,000	6,501
„ hard „ „	—	—	6,200	130	—	—

Consideration of the programme for 1922 was undertaken in July, 1921. The French Government notified its intention to arrange for deliveries of logs and sawn timber under the Wiesbaden Agreement of the 6th October, 1921. It called for the delivery on the other hand of 260,000 telegraph poles. The Belgian requirements were notified to the Commission on the 26th November, 1921, and the Italian requirements on the 6th January, 1922. Great Britain, with a view to facilitating the execution of reparation, declared that it was ready to take deliveries of timber and submitted the details of specifications on the 9th January, 1922.

The quantities demanded for 1922, may be set out as follows :

		Great Britain.	France.	Italy.	Belgium.
Sleepers...	(piece)	1,000,000	—	1,000,000	1,700,000
Telegraph poles ...	„	50,000	200,000	100,000	41,700
Sawn timber, resinous	(M³)	3,700,000	—	263,000	1,540
„ „ hard ...	„	—	—	7,000	4,500
Logs, resinous	„	—	—	10,000	140,000
„ hard	„	—	—	8,000	—

Meetings were held between the Allied and German experts between the 10th and 14th January, 1922, and the technical conditions of supply were laid down. The question of quantities, however, remained in suspense, since the Germans declared that they were unable to provide integrally for the deliveries required. As regards price, the representatives of the German Government requested that Germany should be credited with the prices resulting from the German tenders, but the Allied experts were not favourably disposed towards this suggestion; on the 18th January, the Kriegslastenkommission forwarded certain proposals for prices which were not accepted by the Delegations concerned, and it was decided that each Delegation should get into touch with the Kriegslastenkommission with a view to arriving at an understanding.

On the 13th January, 1922, the Commission decided that the German Government should be informed that it was expected to take immediate measures to commence the necessary felling, particularly of the timber required to meet the demands for sleepers. On the 25th of the same month the German Government offered the following supplies:

		Great Britain.	France.	Italy.	Belgium
Sleepers	(piece) ...	300,000	—	—	1,050,000
Telegraph poles ...	„ ...	50,000	200,000	150,000	41,700
Sawn timber, resinous	(M^3) ...	1,000,000	—	242,000	1,540
„ „ hard ...	„ ...	—	—	6,000	4,500
Logs, resinous ...	„ ...	—	—	9,000	140,000
„ hard	„ ...	—	—	4,000	—

In communicating this offer the German Government entered a reservation to the effect that in view of the advanced season it was not certain that the measures taken could ensure the accomplishment of the deliveries in full.

France, which had hitherto forwarded no demand for sawn timber, arrived at an understanding with Great Britain to take over 55,000 M^3 of sawn wood (resinous) from the British allocation in view of the fact that Germany was unable to increase her proposals. In the course of February, 1922, meetings were held at which the technical protocols regulating the deliveries to Great Britain and France were drawn up by agreement between the German and Allied experts. The prices applicable to the first 10,000 M^3 and to all the sleepers to be delivered to Great Britain were fixed by agreement between British and German experts, but fixation of the prices for the balance of the supplies was to be effected either by agreements between experts or failing agreement by arbitration.

The negotiations pursued between the Delegations and the Kriegslastenkommission led to agreement on the prices of the telegraph poles to be delivered to Italy and the prices of all the timber to be delivered to Belgium except the pit props.

The programme of delivery for 1922 as finally notified to Germany, was as follows:

		Great Britain.	France.	Italy.	Belgium.
Sleepers	(piece) ...	70,000	—	300,000	650,000
Telegraph poles ...	„ ...	—	200,000	25,000	41,700
Sawn timber, resinous	(M^3) ...	545,000	54,500	233,000	1,540
„ „ hard ...	„ ...	—	500	6,000	4,500
Logs, resinous ...	„ ...	—	—	9,000	140,000 (pit props)
„ hard	„ ...	—	—	4,000 (pit props)	—

The progress made in the fulfilment of this programme soon gave cause for dissatisfaction and reason to apprehend that it would not be completed in the course of the year. On the 28th August, 1922, after reviewing the position, the Commission formally drew the attention of the German Government to the delays which had taken place and to the danger that the advent of the bad season would militate against an improvement sufficient to make up the time lost. The Commission expressed the view that the delays were chiefly due (*a*) to the fact that the German Government had adopted the system of inviting tenders and (*b*) to the fact that the contracts were based on fixed prices in paper marks and that the German Government had refused any increase in the contract prices in spite of the fall in the German exchange, and although the German Government was itself credited in gold.

On the 26th September, 1922, the German Government addressed to the Commission a long memorandum explaining the principal causes of the delays which had occurred. It is unnecessary to give at this point an indication of the statements and arguments contained in this memorandum, since they were reproduced by the German representatives in the course of the formal hearing to which reference is made below.

On the 20th October, 1922, the French Delegation requested the Commission to declare Germany in default as regards its obligation to furnish timber to France during 1922. Under the above order all the sawn timber (55,000 M^3) should have been delivered to France before the 30th September 1922, and the 200,000 telegraph poles ordered by France should have been tendered in uncreosoted condition before the 30th November, 1922. The position on the 30th September, 1922, was as follows:

Category of timber.	Amount ordered.	Contracts made by German Government.	Per Cent.	Amount due on 30th Sept.	Amount received in Germany by French Agents at 30th Sept.	Per Cent. of the order.	Despatched.	Per Cent. of the order
Sawn Wood	53,000	54,935	100	55,000	17,417	31·5	15,950	29
Telegraph Poles	200,000	75,964	38	145,000†	46,133	23·0	40,047	20

† On the assumption that the rate of delivery was constant.

On the 30th November, the deliveries were still considerably in arrears and, on the 1st December, the Commission formally heard the representatives of the German Government on the subject.

On the 26th December, 1922, after careful examination of the German defence, the Commission took the following decision :

" (1) It was unanimously decided that Germany had not executed in their entirety the orders passed under Annex IV, Part VIII of the Treaty of Versailles, for deliveries of timber to France during 1922.

(2) It was decided by a majority, the British Delegate voting against this decision, that this non-execution constituted a default by Germany in her obligations within the meaning of paragraph 17 of Annex II.

(3) It was decided by a majority, the British Delegate abstaining from voting, to recall to the Governments concerned that in its letter of March 21st, 1922, fixing the payments to be made by Germany during the current year, the Commission had made the following statement :

'If the Reparation Commission finds, in the course of the year 1922, that deliveries in kind called for by France or her nationals, or by any other Power entitled to reparation or its nationals, in accordance with the procedure laid down by the Treaty or in virtue of a procedure approved by the Reparation Commission and within the limits of the figures above indicated have not been effected by reason of obstruction on the part of the German Government or on the part of its organisations, or by reason of a breach of the procedure of the Treaty or of a procedure approved by the Reparation Commission, additional equivalent cash payments shall be exacted from Germany at the end of 1922 in replacement of the deliveries not effected.'

(4) It was decided on the present occasion to understand by the phrase " interested Powers " in paragraph 17 of Annex II, Great Britain, France, Italy and Belgium. A copy of the letter addressed to these four Governments would be despatched to the Government of the United States of America."*

The importance of this decision notifying the formal default of Germany by a majority vote, has been such that it has appeared

* On the same day the Commission adopted the following formal interpretation of paragraph 17 of Annex II :

"The Reparation Commission in the exercise of its powers of interpretation under paragraph 12 of Annex II, Part VIII of the Treaty of Versailles, decided that the word "default" in paragraph 17 of the said Annex had the same meaning as the expression "voluntary default" in paragraph 18 of the same Annex."

advisable to reproduce in full in Appendix XXXV.* the minutes of the meeting at which the German hearing took place, and the relevant part of the minutes of the meeting at which the default was declared.

Before concluding the history of this question, it is necessary to revert for a moment to the question of price. It will be remembered that the final fixation of prices had been left in suspense, in the hope that agreements might be arrived at between the interested parties; this hope was not realised and on the 19th December, 1922, the Reparation Commission adopted the scale of prices which is contained in Appendix XXXVI.† This scale had previously been submitted by the Kriegslastenkommission to the German Government by way of compromise. The German Government, however, had declared that it could not accept it on the ground that the prices were for the most part lower than the contract prices and that, while they corresponded roughly to those paid by the receiving countries for the same categories of wood, no account had been taken of the superior quality of the timber supplied and submitted to a drastic inspection in accordance with the conditions governing reparation deliveries.

River Shipping.

It remains to give some account of the deliveries of river shipping made by Germany under Annex III. Paragraph 6 of that Annex provides as follows:

"Germany undertakes to restore in kind and in normal condition of upkeep to the Allied and Associated Powers, within two months of the coming into force of the present Treaty, in accordance with procedure to be laid down by the Reparation Commission, any boats and other movable appliances belonging to inland navigation which since August 1, 1914, have by any means whatever come into her possession or into the possession of her nationals, and which can be identified.

"With a view to make good the loss in inland navigation tonnage, from whatever cause arising, which has been incurred during the war by the Allied and Associated Powers, and which cannot be made good by means of the restitution prescribed above, Germany agrees to cede to the Reparation Commission a portion of the German river fleet up to the amount of the loss mentioned above, provided that such cession shall not exceed 20 per cent. of the river fleet as it existed on November 11, 1918.

"The conditions of this cession shall be settled by the arbitrators referred to in Article 339 of Part XII (Ports, Waterways and Railways) of the present Treaty, who are charged with the settlement of difficulties relating to the apportionment of river tonnage resulting from the new international régime

* *See* page 240. † *See* page 264.

applicable to certain river systems or from the territorial changes affecting those systems."

" L'Allemagne s'engage à restituer en nature et en état normal d'entretien aux Puissances alliées et associées, dans un délai de deux mois à dater de la mise en vigueur du présent Traité, conformément à une procédure qui sera établie par la Commission des Réparations, tous les bateaux et autres engins mobiles de navigation fluviale qui, depuis le 1er août 1914, ont passé, à un titre quelconque, en sa possession ou en possession de l'un de ses ressortissants, et qui pourront être identifiés.

" En vue de compenser les pertes du tonnage fluvial, dues à n'importe quelle cause, subies pendant la guerre par les Puissances alliées et associées et qui ne pourront pas être réparées par les restitutions prescrites ci-dessus, l'Allemagne s'engage à céder à la Commission des Réparations une partie de sa batellerie fluviale jusqu'à concurrence du montant de ces pertes, ladite cession ne pouvant dépasser 20 p. 100 du total de cette batellerie telle qu'elle existait à la date du 11 novembre 1918.

" Les modalités de cette cession seront réglées par les arbitres prévus à l'Article 339 de la Partie XII (ports, voies d'eau et voies ferrées) du présent Traité, qui sont chargés de résoudre les difficultés relatives à la répartition du tonnage fluvial et résultant du nouveau régime international de certains réseaux fluviaux ou des modifications territoriales affectant ces réseaux."

It will be observed that the paragraph deals at once with a special case of restitution, which is in general covered by the terms of Article 238, and also provides for further deliveries on reparation account.

As regards restitution, which has been dealt with in general terms in Chapter V, a special protocol was drawn up which extends to river shipping the general principles of protocol A*, and provides, furthermore, for the special conditions found in paragraph 6 which are absent from Article 238, in particular the obligations to restore " in normal condition of upkeep," and the restoration of shipping and appliances which had " by any means whatever " come into the possession of Germany, *i.e.*, even by purchase.

As regards deliveries designed to make good Allied losses in inland navigation tonnage, the Commission had first to reach decisions as to the interpretation of the expressions " inland navigation tonnage," " any boats and other movable appliances," and " loss from whatever cause arising." It had also to fix the period within which losses which ranked for compensation must have been incurred. It had to define what exactly was covered by the

* *See* Appendix IX, page 199.

"German river fleet" and to estimate its size on the 11th November, 1918.

It appeared from lists supplied by the German Government that 20 per cent. of the German river fleet as on the 11th November, 1918, amounted to at least :

Boats	1,243,000 tons.
Tugs and tow boats ...	83,000 H.P.
Motor Boats	30,000 tons and 30,000 H.P.

It soon became evident that the total of the losses which remained to be compensated was inferior to the amounts above indicated.

The different Allied and Associated Powers were requested by the Commission to give detailed information as to their losses in inland navigation tonnage which they desired to have replaced. Having regard to the general principles regulating the rights of the various countries to reparation, Great Britain, France, Italy, Belgium and Portugal were recognised as having the right to submit demands to compensate their losses by drafts upon the river systems other than that of the Danube, while Greece was the single power recognised as having the right to receive Danube shipping. Great Britain soon renounced its own right to participate in the cessions.

Eventually, in agreement with Germany, the tonnage ranking for replacement was calculated at 853,850 tons and 8,776 H.P., distributed as follows :

	France.	Italy.	Belgium.	Portugal.	Totals.
Vessels	540,000 T.	17,246 T.	277,000 T.	909 T.	835,155 T.
Mechanically propelled goods vessels.	—	—	18,000*	—	18,000 „
Mechanically propelled passenger vessels, tow boats and tugs.	3,457 H.P. + 695 T.	2,212 H.P.	—	650 H.P.	8,776 H.P. 695 T.
River-fleet units, dredgers, cranes, &c.		108 H.P.	2,334 H.P.	15 H.P.	
Total Tons ...	540,695 T.	17,246 T.	295,000 T.	909 T.	853,850 T.
Total H.P. ...	3,457 H.P.	2,320 H.P.	2,334 H.P.	665 H.P.	8,776 H.P

* Normal tonnage in accordance with the horse power.

Furthermore, the amount of German river shipping on the Danube to be ceded was fixed at 1,175 tons.

The conditions of the cession were duly laid down by Mr. Walker D. Hines, the arbitrator nominated by the United States of America in accordance with Article 339 of the Treaty of Versailles. The arbitrator's decision was only taken after the holding of conferences attended by representatives of the Commission, of the Allied Power whose losses were in question, and of the ex-enemy Power furnishing compensation. The main principles which inspired the arbitrator's selection were the following :

(1) The compensation must be established ton for ton of the maximum dead weight accepted for ceded vessels on the waterways on which the Allies intend to use them.

(2) The characteristics of the units to be delivered must correspond with those of the units lost.

(3) The vessels ceded must be distributed among the various waterways in proportion to the total fleet plying on them.

(4) On each of the waterways the average age calculated per ton of the units ceded might not exceed the average age of the losses to be compensated, due allowance being made for the nature of the hull.

(5) On each system the burden should be distributed as equitably as possible among the different parties interested.

The efforts made to avoid disturbance to German inland navigation disproportionate to the advantage obtained by Allied navigation could only be partially successful, and in particular a large number of boats which were perfectly capable of giving satisfactory service in German use were uneconomic on the inland waters of the Allied countries receiving them. It soon appeared, therefore, that as regards a part of the deliveries, it would be advantageous to both parties if Germany, instead of effecting immediate delivery of existing boats, were given a reasonable period to construct new tonnage more specially adapted to the traffic needs of the different Allied countries to which they were destined. Accordingly special agreements, subsequently approved by the Reparation Commission, were entered into with Germany by France, Italy, Belgium and Portugal. The net effect of these agreements has been to replace about 735,000 tons and 7,500 H.P. of existing boats and appliances chiefly by new construction to be delivered before the end of December, 1925, and to a small extent by other deliveries. Of the existing river shipping due about 99 per cent. had been delivered by the 31st December, 1922.

In addition to the deliveries on reparation account under paragraph 6 of Annex III, Germany has also to furnish under Articles 339 and 357 a further proportion to be laid down by the American arbitrator of river shipping existing on certain specified river systems. The value of the tonnage thus ceded is credited to Germany on reparation account, and an account of it is given in Appendix XXXVII.(*).

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* *See* page 266.

CHAPTER X.

THE COMMITTEE OF GUARANTEES.

The Reparation Commission has already published a separate volume* containing a series of official documents relative to the amount of payments to be effected by Germany on reparation account which give information regarding the earlier activities of the Committee of Guarantees. While the reader may be referred to that publication for fuller details so far as regards the period which extends from May to October 1921, no general report of the working of the Reparation Commission would be complete without some account of the establishment, constitution, and functioning of the Committee of Guarantees.

Provision for the Committee was made, not in the original text of the Treaty, but in an amendment to Annex II of the reparation chapter (which under paragraph 22 thereof "may be amended by the unanimous decision of the Governments represented from time to time upon the Commission") introduced by the decision of the Supreme Council which met in London in May, 1921, and to which reference is made in Chapter II.†

The amendment takes the form of an additional paragraph (12A), which remodels the bond system found in the Treaty, gives power to the Reparation Commission to require Germany to assign certain revenues and assets to the service of the bonds, and gives power to a Committee of Guarantees, to be appointed by the Reparation Commission, to supervise the application of the assigned revenues and prescribe the dates and manner of payment of sums due to the service of the bonds or other payments in respect of the German debt. The paragraph goes on to provide that "the revenues to be assigned by the German Government shall be:

"(1) The proceeds of all German maritime and land customs and duties and in particular the proceeds of all import and export duties;

"(2) The proceeds of the levy of 25 per cent. on the value of all exports from Germany, except those exports upon which a levy of not less than 25 per cent. is applied under the legislation of any Allied Power;

"(3) The proceeds of such direct or indirect taxes or any other funds as may be proposed by the German Government and accepted by the Committee of Guarantees in addition to or in substitution for the funds specified in (1) or (2) above.

"The Committee of Guarantees shall not be authorised to interfere in German administration."

The above provisions are embodied in and made operative by the following articles in the Schedule of Payments notified to the German Government on the 5th May, 1921:

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* Reparation Commission: III. Official Documents, H.M. Stationery Office, 1922.

† *See* page 23.

ARTICLE 6.

" The Commission will within 25 days from this notification in accordance with paragraph 12 A (*d*) Annex II of the Treaty as amended, establish the special Sub-Commission to be called the Committee of Guarantees.

" The Committee of Guarantees will consist of representatives of the Allied Powers now represented on the Reparation Commission, including a representative of the United States of America in the event of that Government desiring to make the appointment.

" The Committee shall co-opt not more than three representatives of nationals of other Powers whenever it shall appear to the Commission that a sufficient portion of the Bonds to be issued under this schedule is held by nationals of such Powers to justify their representation on the Committee of guarantees."

ARTICLE 7.

" The Committee of Guarantees will be charged with the duty of securing the application of Articles 241 and 248 of the Treaty of Versailles.

" It shall supervise the application to the service of the Bonds provided for in Article 2 of the funds assigned as security for the payments to be made by Germany under Article 4. The funds to be so assigned shall be :

" (*a*) The proceeds of all German maritime and land customs duties, and in particular the proceeds of all import and export duties ;

" (*b*) The proceeds of a levy of 25 per cent. on the value of all exports from Germany, except those exports upon which a levy of not less than 25 per cent. is applied under the legislation referred to in Article 9 ;

" (*c*) The proceeds of such direct or indirect taxes or any other funds as may be proposed by the German Government and accepted by the Committee of Guarantees in addition to or in substitution for the Funds specified in (*a*) or (*b*) above.

" The assigned Funds shall be paid to accounts to be opened in the name of the Committee and supervised by it, in gold or in foreign currencies approved by the Committee.

" The equivalent of the 25 per cent. levy referred to in paragraph (*b*) shall be paid in German currency by the German Government to the exporter.

" The German Government shall notify to the Committee of Guarantees any proposed action which may tend to diminish the proceeds of any of the assigned funds and shall, if the Committee demand it, substitute some other approved funds.

" The Committee of Guarantees shall be charged further with the duty of conducting on behalf of the Commission the examination provided for in paragraph 12 (*b*) of Annex II to Part VIII of

the Treaty of Versailles and of verifying on behalf of the Commission, and if necessary of correcting, the amount declared by the German Government as the value of German exports for the purpose of the calculation of the sum payable in each year or quarter under Article 4 (2) and the amounts of the funds assigned under this Article to the service of the Bonds.

"The Committee shall be entitled to take such measures as it may deem necessary for the proper discharge of its duties.

"The Committee of Guarantees is not authorised to interfere in German administration."

It will be observed that, in addition to the duties imposed upon the Committee by the amended Treaty, further duties under Articles 241 and 248 and paragraph 12(b) of Annex II to the reparation chapter are devolved upon it by the Commission. By Article 241, "Germany undertakes to pass, issue and retain in force any legislation, orders and decrees that may be necessary to give complete effect" to the reparation provisions. Article 248 makes the cost of reparation and other Treaty costs a first charge upon all the assets and revenues of the German Empire and its constituent States, subject to such exceptions as the Reparation Commission may approve.*

In paragraph 12(b) of Annex II, the Commission is charged with the duty, in periodically estimating Germany's capacity to pay, of examining "the German system of taxation, first, to the end that the sums for reparation which Germany is required to pay shall become a charge upon all her revenues prior to that for the service or discharge of any domestic loan, and secondly, so as to satisfy itself that in general the German scheme of taxation is fully as heavy proportionately as that of any of the Powers represented on the Commission."

The Schedule of Payments repeats the provision of paragraph 12A to the effect that the Committee is not authorised to interfere in German administration, this provision itself being related to the assurances given to the German Government by the Allied and Associated Powers, in their reply of the 16th June, 1919, to the observations of the German Delegation on the conditions of peace.

The Committee was set up by the Reparation Commission on the 27th May, 1921. It was composed of representatives and assistant representatives of France, Great Britain, Italy and Belgium. Unofficial United States observers sit with the Committee. It is scarcely necessary to add that, up to the present date, the circumstances in which representatives of Powers other than

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* Some account of the class of case which has presented itself under this Article will be found in Chapter IV, page 51.

those represented on the Commission itself shall be co-opted under Article 6 have not yet arisen. The seat of the Committee was provisionally fixed in Paris, with a proviso that it could be removed to Berlin or to any other place which the Commission might deem necessary. Technical executive officers, however, as will be explained later in this chapter, were installed in Berlin in close contact with the German Government. In each case the representatives are the assistant delegates of the respective Powers, and the assistant representatives are the National Members of the Managing Board of the Commission's Finance Service.

The Commission, in determining the seat and the composition of the Committee, was guided by the following considerations:

(*a*) complete unity of view and of action as between the two organisms was secured by placing the Committee at Paris, and choosing its members from among those of the Commission itself;

(*b*) the Commission's technical services were placed as a matter of course at the disposal of the Committee, which was thus able to avoid creating new posts;

(*c*) it was unnecessary to contemplate any fresh expense in connection with the Committee itself, and working expenses were reduced to a minimum. This meant a very considerable economy.

Such were the primitive constitution and functions of the Committee. In course of time, the Committee's functions have been developed and extended, as will appear from the following account of its actions.

The Committee made its first visit to Berlin in the month of June 1921, and on the conclusion thereof addressed to the German Government on the 28th of that month five notes containing decisions which it had adopted on the following subjects:

1. General principles.
2. Interpretation of the word " exports " and replacement of the " exports " indexed.
3. Levy of 25 per cent. on German exports.
4. Assignment of Customs Receipts as guarantee for the Bonds.
5. Organisation of " contrôle " or supervision.

We will proceed to give a brief summary of the contents of these notes, while referring the reader to the publication, of which mention has been made above, for fuller details.*

1. The first note deals primarily with the question of the resources applied under Article 7 of the Schedule of Payments to the service of the bonds. The German Government had proposed to substitute for the resources specified in Article 7(*a*) and (*b*), which are quoted *in extenso* above, the taxes on dividends

* Reparation Commission: III. Official Documents, H.M. Stationery Office, 1922.

and interest, on sugar, on tobacco, on coal, and on turnover and the brandy monopoly. In reply, the Committee expressed their conviction that, for the time being, it would be necessary to base the execution of the Schedule primarily on the resources mentioned therein, and that the alternative revenues proposed by the German Government would only require to be considered in so far as those resources were not sufficient in themselves and without addition to guarantee the full obligations of Germany.

In proceeding to consider how far these resources were sufficient, the Committee dealt separately with the year 1921-1922 and future years, owing to the special provision in the Schedule of Payments for the payment in the first year of an instalment of one milliard gold marks on account. After an examination of the conditions, so far as it was possible to make a forecast of them, the Committee decided that the payments for 1921-1922 would be sufficiently secured by the affectation of the customs duties as from the 15th November and the payment of the levy of 25 per cent. on exports as from the 15th December. With respect to future years it was estimated that there would be a deficit of 650 million gold marks which it was necessary to cover by further assigned revenues, and the Committee decided that, as from the 1st May, 1922, 50 per cent., or such percentage as it might thereafter determine to be necessary, of the revenues proposed by the German Government as alternatives, would also be placed to the Committee's account.

2. Article 4 of the Schedule of Payments provides for the payment by Germany, in addition to a fixed annuity of two milliard gold marks, of sums equivalent to 25 per cent of the value of German exports in each period of 12 months starting from May 1st, 1921, as determined by the Commission, or of equivalent amounts as fixed in accordance with any other index proposed by Germany and accepted by the Commission. The German Government urged that, in its opinion, neither the statistics of " general commerce " nor those of " effective commerce " should be taken as a basis of the value of exports. It thus requested the exclusion from exports, for the purpose of calculating the payments, of various categories of merchandise passing through Germany directly or indirectly and of deliveries in kind on reparation account. The Committee replied to the effect that a decision on this point must rest with the Commission. The question was in fact submitted to the Commission which decided, for reasons which will be found in full in the published documents*, that it could give no other interpretation of the term " exports " than that given by the German Government in its own statistics, which included the categories which it wished to exclude for the purpose of the index.

The German Government further gave reasons for proposing that the choice of exports as an index of the variable annuity was

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* Reparation Commission : III. Official Documents, H.M. Stationery Office, 1922. *See* page 16.

open to serious objection, and in reply the Committee pointed out that in this case too the decision lay with the Commission, adding, however, that it rested with Germany and not with the Commission to propose an alternative index. No alternative index was in fact proposed.

3. Article 7 of the Schedule of Payments requires Germany to assign the proceeds of a levy of 25 per cent on the value of all exports, and the German Government exposed to the Committee certain economic and political difficulties which might result from a direct levy of this kind. The Committee agreed that the actual operation of the system should be provisionally deferred subject to the payment quarterly in three instalments, the last instalment falling due on the quarterly date fixed in the Schedule, of a sum in foreign currencies which would be equivalent to the direct levy contemplated by the Schedule.

4. In order to leave the German Government greater liberty of action in its customs policy at a time when the tariffs were in a transitional stage, the Committee provisionally renounced, until the 1st May, 1922, in the first instance, its right under paragraph 8 of the Schedule of Payments to receive notice beforehand of any proposal affecting Germany's customs policy.

5. With a view to organising its supervision, the Committee decided to create a permanent organisation at Berlin to be known as the " Delegation of the Committee of Guarantees at Berlin " for the purpose of exercising its power of verification and supervision within the German administration. The note in which its decision is conveyed further provides as follows :

" Officials of the Committee of Guarantees will have the right to require from the German officials all information that may be necessary, to require that all books, registers, and documents of the administration be produced, and that all administrative premises may be open to them, and to be given all facilities with a view to gaining a complete knowledge of all parts of the service which it is their duty to supervise.

" They will not be authorised at any time either to give orders to or to supersede the German officials."

A second visit to Berlin was made by the Committee between the 23rd September and the 14th October, 1921, principally with a view to assuring itself of the conditions under which the instalments soon to fall due would be covered by the application of the system of guarantees laid down by the notes of the 28th June which have been summarised above. In June the Committee had calculated on the exchange then current of 14 paper marks to one gold mark. On the occasion of the second visit the rate was 30 paper marks to one gold mark, and a complete review of the situation was thus necessitated.

An examination of the German budget for the year 1921-22 as submitted by the German Government disclosed receipts and

expenditure for the ordinary budget balancing at 51.5 milliard paper marks, receipts of 10 milliards, and expenditure of 38 milliards for the extraordinary budget (postal and railway services, food subsidies, etc.) and expenditure uncovered by any receipts of 68 milliards for the Treaty budget, resulting in a net deficit of 96 milliards. With certain adjustments it seemed possible to reduce the deficit to 73.5 milliards.

The German budget for 1922-23, according to the estimates of the German Government, balanced the ordinary and extraordinary budgets with a total of 87.5 milliards and showed a deficit of 90 milliards for the Treaty budget.

After an examination of the amount of foreign bills required by the German Government up to the 1st May, 1922, for domestic commitments, *e.g.* State purchases of foodstuffs, etc., and for the execution of the Peace Treaty, of the method adopted by the German Government to procure foreign bills, and of Germany's balance of accounts in the year then current, the Committee expressed certain conclusions, which it is not possible within the compass of this Report to quote in full, respecting the financial condition of Germany. The Commission concluded that with assured deficits of 90 milliard paper marks in the current and in the succeeding year, the first object to be attained was the stabilisation of the mark and the cessation of recourse to the discounting of Treasury bills to cover the budget deficit. In order to cover the reparation instalments due in January, February and April, 1922, it would be necessary for the German Government to take special emergency measures; if the Government succeeded " that is, if with the help of the personal guarantee of German manufacturers and traders it could shortly obtain foreign credit, the instalments were assured. A period of grace would then be obtained in which to examine with the German Government a series of measures which in stabilising the mark would facilitate the solution of the reparation problem. If the contemplated scheme failed it was to be feared that the German Government would declare that it was unable to effect the next payments laid down in the Schedule of Payments.

" The Committee of Guarantees considered it its duty to call the immediate attention of the Reparation Commission to this situation."

Before leaving Berlin the Committee agreed to postpone the question as to whether the direct levy on exports should be put into operation, and, to ease the difficulty which the German Government was experiencing at the time in obtaining foreign currencies, it agreed that in certain conditions the proceeds of the customs, including export taxes and the payments of sums corresponding to 25 per cent. of the exports, should be effected in the first instance in paper marks, which should be gradually but continuously converted into foreign currency.

After consideration of this Report, the Commission decided itself to make a visit to Berlin in the month of November, 1921, with the immediate object of examining the progress made, and still to be made, in order to put into execution the measures contemplated by the Committee of Guarantees, as well as the methods which the German Government proposed to adopt to procure the funds necessary for the execution of its obligations. With this journey to Berlin begins the series of events and of negotiations between the Reparation Commission and the German Government, between the Allied Governments, and between the Allied Governments and the German Government, which ultimately led to the grant of a partial postponement of Germany's Schedule of Payments obligations in the calendar year 1922. For the purpose of this chapter, the history of these events, fully set out in the volume to which reference has already been made, is of no particular importance until we arrive at a definition of the Commission's policy as contained in a decision of the 21st March, 1922, and a covering letter to the German Government of the same date. By the decision in question Germany's payments in 1922 on account of reparation and of the Armies of Occupation were limited to 720 million gold marks in cash and to Deliveries in Kind not exceeding 1,450 million gold marks. In the covering letter it was laid down that the scheme of payments laid down in the decision was to be regarded as provisional and could only be definitely maintained if Germany strictly observed certain conditions. In three important respects these conditions extended the scope of the supervision exercised by the Committee of Guarantees over the finances of the Reich.

In the first place, a certain programme for the realisation of additional resources was imposed upon Germany and it was provided that " the measures for the application of the German laws and regulations relating to taxes and tariffs as they might stand after carrying out the programme should be discussed between the Delegates of the German Government and those of the Reparation Commission. The latter should, through the Committee of Guarantees, exercise at each stage a supervision sufficiently thorough to enable it at all times to follow the progress made in carrying out this legislation, and more especially in the work of assessing and collecting taxes and to bring to light any defects. If occasion arises it would request Germany to take the measures necessary to remedy such defects and in the event of Germany failing to adopt within a reasonable time such measures as the Commission considered to be sufficient it would pronounce upon such failure."

In the second place a substantial reduction of expenditure was demanded and it was provided that the German Government should work out in agreement with the Reparation Commission, a system for checking the expenditure provided for in the budget in such a way as to prevent the credits from being exceeded, and so as to

show clearly the actual use to which the funds were put, the Committee of Guarantees being entrusted with the operation of the check.

In the third place it was provided that the Committee of Guarantees should draw up, with the German Government, a scheme for the strengthening and development of the check which it already exercised over exports and the collection of currencies to such an extent as might be necessary to ensure the effective supervision of the execution of measures to prevent the abusive export of capital.

The German Government in the course of a letter dated the 7th April, 1922, by which the Reparation Commission was invited to reconsider its decision, observed that the "German Government could not consent to any form of supervision incompatible with Germany's financial independence. The German Government was prepared to furnish the Reparation Commission with any information it might require on the situation and on the financial operations carried out in Germany. No government, however, could allow a foreign country to exercise any definite influence in the creation and application of legislative measures."

In a reply dated the 13th April, 1922, the Commission observed that " it could see nothing in the conditions laid down in its letter of March 21st which in any way justified the disquietude expressed by the German Government. The Commission had in no way trespassed upon either the powers of initiative or the responsibilities in matters of taxation or of expenditure either of the German Government or of the German Legislature. It had confined itself to insisting on the one hand on general dispositions by Germany for securing that adequate provision was made for meeting her reparation obligations in priority to avoidable expenditure for domestic purposes, and, on the other hand, on the German Government doing their part in providing the Commission with the machinery for satisfying itself that those general dispositions were properly and faithfully carried out by the German Government. Those requirements gave the German Government no ground for complaint upon the terms either of the Treaty itself or of any assurances given by the Allied Governments.

" Further, it had to be remembered that Germany had petitioned for postponement of her obligations under the Treaty and the Schedule of Payments, and that, in according such postponement, the Commission was within its rights in imposing whatever conditions it might regard as necessary. The conditions of the grant of the provisional moratorium notified to the German Government by the letter of March 21st, 1922, had been laid down after careful consideration, and the Reparation Commission could not but hope that the intransigeant attitude taken in the German note had been adopted without adequate consideration of its necessary consequence."

After conversations, the German Government informed the Reparation Commission that it " noted with satisfaction that the Reparation Commission recognised the sovereignty of Germany in questions of public expenditure, taxation and financial policy generally. The German Government noted with like satisfaction that the Commission desired to support Germany regulating her finances. To this end the German Government would be prepared to afford to the Reparation Commission all the facilities for investigation asked for by the Commission. For the same purpose the German Government, during the time of the regulation of the reparation payments, as provided for by the decision of the Commission on March 21st, 1922, would be prepared to consult with the Reparation Commission as regards the legislative projects planned by the German Government in the above-mentioned financial matters."
A fuller acceptance of the Commission's scheme of supervision was provided in a letter of the 28th May, 1922.

The Committee's powers of supervision were thus extended.

Attention should be particularly directed to the legal basis of the extension as emphasised in one of the above quotations. The German Government requested certain concessions. The Reparation Commission felt itself entitled in return for the grant of such concessions, to lay down new conditions.

The German Government was informed that the arrangements necessary to bring the extended supervision into operation would be the subject of deliberations with the Committee of Guarantees, which accordingly made a third visit to Berlin in the course of June, 1922. The results of the Committee's negotiations with the German Government were embodied in a series of documents, laying down the principles of supervision, which were submitted to the German Government and received its assent. These documents are reproduced in Appendix XXXVIII.(*)

Supervision of so extensive a nature, even though temporary, necessarily involved the simultaneous extension of the Committee's organisation in Berlin, and it will not be out of place to add a few words on the scope of this organisation as developed in the course of 1922.

The Permanent Delegation, as it is called, is placed under the authority of a Chairman, who is in Berlin the principal representative of the Commission, and in addition it is composed of a General Secretary, and the following Sections working under the direction of Chiefs of Sections :

1. The Export Section, which is responsible for checking German export statistics.

2. The Receipts Section, which is responsible for checking the receipts of the Reich and of the German States. It is especially charged with checking the collection of receipts which are earmarked as guarantees.

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* *See* page 267.

3. The Expenditure Section, which is responsible for the supervision, within the limits above indicated, of the expenditure of the Reich and of the German States.

4. A Treasury Section (Section du Mouvement Général des Fonds), which supervises the Floating Debt, the purchase and the utilisation of foreign currencies by the German Government, and the measures taken by the German Government against the flight of capital. This section also studies the problem of, and concrete cases which arise under, Article 248 of the Treaty.

5. The Documentation Section, which is responsible for keeping the Committee informed on all questions not specifically assigned to the other Sections, and for amassing the data which are necessary to these other sections.

It has been impossible in this chapter to give anything but a bare outline of the functions and the more important activities of the Committee and its staff in Paris as well as Berlin. Its daily work does not lend itself to, and perhaps does not require, detailed description. This daily work of supervision, demanding a descent into the minutiæ of the finances of one of the largest and most complicated of European States, is obviously arduous, not less so by reason of the fact that the system and practice of supervision have necessarily been, up to the present time, in the course of evolution.

CHAPTER XI.

AUSTRIA.[1]

The Peace Treaty signed at St. Germain-en-Lave, on the 10th September, 1919, contains a chapter entitled "Reparation" analogous to that found in the Treaty of Versailles.

The Commission constituted under Article 233 of the Treaty of Versailles is charged with obtaining the reparation due by Austria; but the Treaty of St. Germain further provides for the constitution of a Section for the special questions raised by the application of the Austrian Peace Treaty; this Section has consultative power only, except in cases in which the Reparation Commission shall delegate to it such powers as may be deemed convenient.

The Treaty provides as follows for the representation of the Powers on this Section: the Delegates of the United States, Great Britain, France and Italy have each two votes, and the Delegates of Greece, Poland, Roumania, the Serb-Croat-Slovene State and Czecho-Slovakia have each one vote.

The composition of the Reparation Commission when dealing with Austrian business is modified in that the Belgian Delegate is replaced by a Common Delegate appointed by Greece, Poland, Roumania, the Serb-Croat-Slovene State and Czecho-Slovakia.

While the Treaty of Versailles provides that Germany's debt shall be determined solely by the amount of damage for which she is jointly responsible, the Treaty of St. Germain (Article 179) provides that "part of the debt" shall be assigned to Austria "after the Commission has decided whether Germany is in a position to pay the balance of the total amount of claims presented against Germany and her Allies, and approved by the Commission."

At the same time Germany remains jointly responsible for the payment of that part of the debt.

The amount to be paid by Austria before the 1st May, 1921, was not fixed by the Treaty as in the case of Germany, but left to the decision of the Reparation Commission.

The Annexes to Part VIII of the Treaty of St. Germain, unlike those of the Treaty of Versailles, do not provide for specified deliveries of coal, coal products, dyestuffs, and chemical products; but, on the other hand, they provide for specified deliveries of timber, and timber manufactures, iron, iron alloys, magnesite (Annex V) and furniture (para. 7, Annex IV).

The provisions regarding deliveries of ships, cattle, cables, building materials, etc., are analogous to those found in the Treaty with Germany.

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[1] The Treaty with Hungary did not come into force until the 26th July, 1921, and the execution of the Reparation Chapter has not reached a stage when it would be useful to report progress; it is hoped that some account of the Commission's functions under the Treaty may be given in a subsequent report.

Apart from the clauses relative to reparation problems, the Treaty of St. Germain contains some very important clauses relating to the solution of the problems which arise from the liquidation of the former Austro-Hungarian Monarchy: the most important are the following: (*a*) the distribution of the pre-war debt between the Succession States and States to which territories have been ceded, (*b*) the liquidation of the Austro-Hungarian Bank, (*c*) valuation of the property and possession of the Austrian State in the transferred territories.

These problems, the study of which was entrusted by the Reparation Commission to special Committees composed of experts, are closely bound up with the problem of reparation, the last more especially. The Treaty made the Reparation Commission responsible for fixing the value of property and possessions acquired by the different States, Austria excepted; this amount is to be placed to the debit of the State acquiring such property and to the credit of Austria on account of the sums due for reparation, and a deduction is to be made of an amount proportionate to the contribution in money, land, or material made directly on acquiring such property, by the Provinces, Communes, or other autonomous local authority. Exception is made of certain properties and possessions enumerated in the Treaty which were transferred without payment (Article 208).

Dispositions similar to the corresponding clauses in the Treaty of Versailles establish the obligation of Austria to become possessed of the rights and interests of her nationals in any public utility undertaking or in any concession operating in Russia, Turkey, Germany, Hungary, or Bulgaria or in the possessions or dependencies of these States, or in any territory formerly belonging to Austria or to her Allies, to be transferred by Austria or her Allies to any State (Article 211).

We have indicated the main differences between the two Treaties. In the course of execution the differences of substance proved to be more important than would at first sight appear.

Even before the Treaty came into force it was clear that at any rate for a long period Austria would not be in a position to pay reparation, but, on the contrary, for several years would have need of considerable credits to enable her to maintain existence until her economic and financial situation might be re-established. Since the Treaty of St. Germain (Article 197) provides that, "subject to such exceptions as the Reparation Commission may make, the first charge upon all the assets and revenues of Austria shall be the cost of reparation and all other costs arising under the present Treaty," it was impossible for Austria without the authority of the Commission, to alienate, pledge or give as security any part of its assets or its revenues with a view to obtaining credits. It had been stated, in the covering letter to the reply of the Allied and Associated Powers to the observations of the Austrian

Delegation on the Peace conditions, that the Reparation Commission would receive instructions to carry out the functions entrusted to it in an eminently humanitarian spirit.

The situation of Austria was such that from the outset the main duty of the Commission was to consider the various exceptions which had inevitably to be made to the reparation priority, to endeavour to assist and guide the Austrian Government in its search for credits, and to supervise its administration of them, primarily in the interest of the relief creditors and, secondarily, with a view to safeguarding the payment of a reparation debt which might be " assigned " to Austria.

As in connection with the Treaty of Versailles, mention must be made of the work performed by an Organisation Committee of the Reparation Commission before the Reparation Commission itself was formally constituted. In the case of Austria, the activity of the Organisation Committee extended over a longer period, owing to delays in the ratification of the Treaty of St. Germain. The Committee only ceased to function as from the 17th April, 1920. At this date the Treaty was not yet in force, but in view of the difficulties created by the delay in exchanging ratifications, it had been decided, at the request of the Austrian Government, to put the Reparation Clauses of the Treaty and certain financial clauses (including in particular those relating to the liquidation of the Austro-Hungarian Bank) into operation by anticipation.

In the month of October, 1919, the Organisation Committee was directed by the Supreme Council to pursue the question of Austrian relief. At this moment the situation was as follows :

(1) From December, 1918, to the end of February, 1919, foodstuffs had been sent to Austria by Italy acting in the name of the Allied and Associated Powers and for their account. As security for payment for these deliveries a deposit of Austrian paper crowns which eventually amounted to 382 millions was made at Innsbruck. The Italian Government thus made an advance of more than 18,000,000 lire in this connection.

(2) On the 1st March, 1919, a credit of 30 million dollars, which was increased on the 14th April to 45 millions and at a later date to 48 millions, had been granted under the following conditions :

" In order to secure immediate action for the finance of food supplies required in German Austria to prevent extreme hardship and starvation and the spread of anarchy. . . .

" That Great Britain, France and Italy agree to advance credits in equal thirds up to a maximum of $30,000,000, between now and the next harvest, to finance such food supplies as may be consigned to German Austria under

the direction of the Supreme Economic Council, inclusive of those already provided under provisional arrangements, it being clearly understood that the above figure is a maximum and that the question of actually opening credits up to this amount depends on the progress of events and the decisions of the Economic Council from time to time.

" That, as security for such credits, the Austrian Government should formally agree to place at the disposal of a Commission or Commissioners representative of the three lending Powers a suitable lien on (*a*) the Salt Mines in Austria; (*b*) the properties of the City of Vienna, and (*c*) such other assets as may be agreed upon, in Austria, immediate steps being taken in the case of the Salt Mines, to clear these mines of all prior claims.

" That an Interallied Commission be appointed of three or four members with a view to taking the necessary steps to make arrangements for due repayment of the credits out of the income of the above properties or otherwise.

" That the repayment of such credits be a first charge on the future resources of Austria, ranking in front of any payment for reparation."

On the 30th May, 1919, the Austrian Government undertook to provide security for credits granted or to be granted by one or several of the following methods: payment of requisitioned gold and silver (other than that from the reserve of the Austro-Hungarian Bank); the requisitioning and handing over of foreign securities selected by the lending Governments; the handing over (pending the establishment of a mortgage on the forests) of foreign credits obtained by the sale of timber; the handing over of the net proceeds of the salt mines and the establishment of a first mortgage on these mines; for a part of the credit, a guarantee given by the City of Vienna.

At the same time the Austrian Government declared " that it would earmark all its revenues of whatsoever sort to liberation, at the times and places which will be determined. of the food credits which have been granted to it. In the meantime it remained to determine the methods of payment and the guarantees, as also the legal establishment of the said guarantees and mortgages."

On receipt of the Supreme Council's instructions, the Organisation Committee set up a special Sub-Committee at Vienna to determine Austrian requirements in foodstuffs and raw materials, to study measures designed to develop to its maximum the production of Austria itself, to examine and propose to the Organisation Committee the means that it judged most suitable to facilitate and ensure the transport and delivery by Austria's neighbours of the necessary supplies and the payment for these supplies by Austria.

On the 27th October, 1919, the Vienna Sub-Committee presented its report and its proposals. Its chief recommendations were in favour of :

(1) the immediate supply of 30,000 tons of foodstuffs ;

(2) the supply of an additional 200,000 tons of coal a month ;

(3) the opening of special credits for the purchase of fertilizers ;

(4) the granting of a loan of 100 million dollars for the consolidation of the previous loan of 48 million dollars and for the purchase of foodstuffs and coal for six months ;

(5) the constitution of a Committee of Bankers and Finance experts for the examination and preparation of a scheme for the definitive reconstruction of the finances of Austria.

On the 29th December, 1919, the Organisation Committee laid the following proposals before the Supreme Council : (*)

" That the Austrian Government be authorised to issue certificates of indebtedness in an amount to be determined by the Sub-Commission at Vienna, convertible into the first bonds to be issued pursuant to Article 181 of the Austrian Peace Treaty. A portion of these certificates to be given to the British, French and Italian Governments as security, for all loans or credits heretofore made and to be given to the lending governments for all loans and credits hereafter to be made to the Austrian Government, in lieu and instead of the Austrian assets now held or about to be taken as security for loans or credits : such assets to be turned over to the Sub-Commission at Vienna together with all objects of art, the tobacco monopoly and the property of the late Royal and Imperial House, recently declared to be Government property, as well as any other liquid assets of the Austrian Government. All assets so turned over to be held by the Sub-Commission, and so far as available, to be administered by it for the purposes contemplated. The other portion of the certificates to be applied from time to time by the Sub-Commission in such manner as it may deem proper and necessary in the interests of reparation, at the same time assuring to Austria her minimum requirements in food, coal and raw materials, as provided by Article 181 of the Austrian Treaty of Peace.

" The Organisation Committee further recommends that the foregoing plan be communicated at once to the Austrian Government, and if the Austrian Government shall request the Organisation Committee of the Reparation Commission, in writing, to exercise immediately like powers to those conferred upon the Reparation Commission, and the Austrian Section

(*) A first draft had been transmitted, on the 14th November, to the Supreme Council but the latter had returned it to the Organisation Committee with the request that a certain number of modifications should be introduced.

thereof, by the Austrian Treaty of Peace, then the Sub-Commission in Vienna shall proceed as follows :

" *First :* To notify the Austrian Government that the opening of credits would not be considered if it did not pledge itself :

(*a*) not to alienate or permit to be alienated any public properties, or properties under the control of the public authorities, even in the form of concessions or monopolies, without the consent of the Reparation Commission, and to declare null and void any alienation of this description carried out since the Armistice of 3rd November, 1918 ;

(*b*) to take at the request of the Organisation Committee all measures capable of preventing the alienation outside Austria, or to other than Austrian nationals, without the consent of the Reparation Commission, of all private properties, when such alienation might endanger securities to be given for the credits opened ;

" *Second :* To prepare forthwith and put into immediate operation a financial plan along the lines indicated in this report, in order to preserve Austria's assets for reparation, and assure to Austria a minimum supply of food, coal and raw materials ;

" *Third :* To exercise forthwith such control over the collection and expenditure of all taxes, customs and revenues of the Austrian Government as to the Commission shall appear necessary and desirable ;

" *Fourth :* To commence the study forthwith of the economic and financial condition of Austria, and to prepare comprehensive plans for her rehabilitation, to the end that the reparation contemplated by the Austrian Treaty may be forthcoming."

The suggestions of the Committee became in fact, at a slightly later date, to all intents and purposes, the Austrian Section's terms of reference. As above noted, the Austrian Government formally requested that the Reparation Clauses of the Treaty should be brought into operation in anticipation of the coming into force of the Treaty, and the Austrian Section of the Reparation Commission (the original membership of which is shown in Appendix XXXIX)* was constituted in Vienna on the 18th June, 1920.

Pending a more thorough examination of the problem of how Austria was to be relieved, reconstructed and possibly enabled to pay reparation, means were found to maintain Austria in existence. Several unsuccessful attempts were made by the Austrian Government, with the necessary authorisation of the Reparation

* *See* page 278.

Commission, to raise money on the securities of the tobacco monopoly and on the artistic treasures of Austria, or to sell foreign securities not affected by the Treaty. As a result, however, of appeals for help by Austria, the Allied and Associated Governments again came to Austria's assistance. Considerable importance was attached by some of the Governments concerned to enlarging the circle of the lending Powers, and British participation was conditional on support from other Allied and from neutral Governments. Sir William Goode, who had been nominated as British Delegate to, and subsequently became Chairman of, the Austrian Section, personally visited Holland and Denmark, and succeeded in obtaining promises of support from these neutral countries, and also from Norway, Switzerland and Sweden, mainly for Austria, but also to some extent for other European countries in need, such as Poland.

To administer the credits thus obtained, to co-ordinate the credits, some of which were given in kind, with the requirements of the borrowing countries, to take all measures necessary to ensure the fulfilment of the conditions laid down by the lenders, and to supervise the issue of bonds by the borrowing countries, an International Relief Credits Committee (C.I.C.R.E.) was set up and held its first meeting in Paris in April, 1920. The principal duty of the Relief Credits Committee, as far as Austria was concerned, was to organise relief, more especially with regard to the securities to be given to the lending countries. This last question brought the Committee into close contact with the Reparation Commission, which is the competent body created by the Peace Treaty for determining the legal nature of the securities to be furnished and to grant, in case of necessity, an exception to the right of priority which Reparation payments possess under the Treaty over all the revenues and resources of Austria. The Committee contemplated that it would be essential to consolidate past and future loans, and to make an exception in their favour to the priority of reparation as security for this repayment. This consolidation also implied the renunciation of the special securities which guaranteed the earlier loans.

The work accomplished by the International Relief Credits Committee on the above principles resulted in the drawing up of a document entitled "Advances to Austria" and of the text of the bonds to be issued by the Austrian Government. These documents, which were approved by the Commission and of which the full text is given in Appendices XL and XLI* are of considerable importance; from that time forward they clearly defined the position of Austria *vis-à-vis* her actual and prospective creditors and the priority between the creditors themselves; it is, in fact, "Advances to Austria" rather than the Treaty which henceforth gives the

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* *See* pages 279 and 281.

measure of the control instituted over Austrian finances, the Commission and its Austrian Section fulfilling the duties of an agent acting in the interest of the various Powers, neutral as well as Allied, which provided funds to furnish Austria with the means of subsistence.

A detailed account of the operations of the Relief Credits Committee will be found in the report published by it on its dissolution in October, 1921.

The continued existence of Austria for some months to come being thus assured, the Austrian Section of the Commission was enabled to devote itself to the preparation of a comprehensive programme for the reconstruction of Austria. After exhaustive enquiries and discussions, the Section, on the 1st November, 1920, unanimously expressed the following opinions and made the following recommendations to the Commission :

> " In the opinion of the Section the position of Austria, unless speedily remedied, is such as to prohibit the administration of the State by any Government and to emperil the continued existence of the country as a political entity. It naturally follows that in many respects it is impossible at present to enforce the Reparation Clauses of the Treaty and that the ultimate execution of the Treaty of St. Germain as a whole must be dependent upon remedial action of the most urgent and drastic character. Unless this is taken the dissolution of all social and economic life in Austria will be automatic and inevitable, and, even if this is not accomplished by violence, the consequent suffering and distress would compel the intervention of the civilised world.
>
> " The Section therefore, after prolonged examination, unanimously agreed upon the attached proposals. In their opinion it is impossible for Austria to continue to exist without external assistance. If this is forthcoming to an extent that would enable a financial programme for Austria to be formulated for the next five or six years, and if simultaneously a comprehensive scheme of internal reconstruction under effectual control was put into execution, there is reason to think that Austria might eventually become self-supporting and cease to be a menace to the political and economic stability of Central and Eastern Europe. Temporary palliatives or any attempt at half-way measures will, in the opinion of the Section, only involve a loss to those undertaking them and will fail to assist towards the ultimate solution. The re-establishment of Austria must necessarily be slow and relatively costly, but if increased production and development of potential resources, such as water power, are assiduously pursued, combined with economies in expenditure and the gradual recovery of the crown, Austria should regain the power to export and the possibility to exist.

"The proposals of the Section may be briefly summarised as follows:

"A. A foreign money loan of 250 million dollars to be issued in instalments over 5 years. The loan to be contingent upon control of Austrian public finance.

"B. The foundation of a Privileged Bank of Issue.

"C. The funding of the Services of the Austrian Foreign Debt and the Debt of the City of Vienna.

"D. An internal loan guaranteed by the Entente Powers with the proceeds of the Austrian Capital Levy as security.

"E. The assurance of an additional 200,000 tons of coal and coke monthly.

"F. The development of Austria's water power by foreign capital primarily for industrial purposes and the provision of subsidies and concessions therefor.

"G. A suggested transitory Customs tariff.

"H. Increased production of potatoes by means of a productive credit, and increased production of cereals, milk and sugar, coupled with the substitution of minimum for maximum prices and the enforcement of food restrictions.

"I. A non-partisan Budget Commission to effect State, Provincial and Municipal economies and to re-arrange the revenues of State Services in order to meet the costs involved.

"J. Reduction of the Army to a force not to exceed 5,000.

"K. Management of State monopolies and State owned enterprises by private capital.

"L. Co-operation of labour towards increased production."(*)

On the 13th November, 1920, the Reparation Commission forwarded the report to the Allied and Associated Powers in the following terms:

"The Reparation Commission, without pronouncing upon the proposals contained in the unanimous report of the representatives of the nine Powers constituting the Austrian Section, considers that that report gives an accurate representation of the present economic and financial position of Austria.

"This statement of facts not only demonstrates the impossibility of at present enforcing adequately the Reparation Clauses of the Treaty of St. Germain, but indeed raises the most serious doubts as to the possibility of ensuring the continued existence of the present Republic of Austria as a political entity, unless further financial aid can be provided from external sources.

(*) *See* Appendix XLII (Page 282), for full text of the proposals of the Section.

"As the Reparation Commission has no funds at its disposal out of which such assistance could be provided, the issue raised is one which exceeds the competence of the Commission. The Commission therefore decides that the report of the Austrian Section be forwarded to the Allied and Associated Powers for their immediate consideration."

The Supreme Council, which met at Paris in January, 1921, did not accept the proposals of the Section transmitted to it by the Reparation Commission.

After having entrusted a special committee with the duty of presenting new proposals, it decided to request the Allied Governments concerned (of which several, such as Jugo-Slavia, had not been represented at the Conference) to renounce all the war claims due to them from reparations and also the repayment of the costs of occupation.

At the same time the Conference decided upon the constitution of an International Company or Bank, with a capital of 200 million francs, for the purpose of furthering the economic and financial re-establishment of Austria. The Conference also prescribed various internal measures: diminution in the number of officials, reorganisation of the railways, organisation of financial supervision in Vienna, etc.

On the 11th February, 1921, the Economic and Financial Committees of the League of Nations forwarded to the Commission the international credit plan submitted to the Brussels Conference in September, 1920, and afterwards modified, known as the ter Meulen Plan.

In the course of a new Inter-Allied Conference held at London in March, 1921, the Austrian Chancellor indicated the securities which Austria could offer for loans. They included the Customs receipts and the tobacco, salt and alcohol monopolies. The Chancellor stated that the value of the essential foodstuffs to be imported into Austria in a year attained a figure of 12½ million pounds sterling.

On the 17th March, 1921, the Governments of France, Great Britain, Italy and Japan, subject to certain reservations on the part of the Italian Government (*see* below), took note of the Austrian Government's proposal. They decided, in order to enable the ter Meulen credit system to be put into operation,(*) to suspend provisionally, over a period to be fixed, all their claims against Austria for reparation, for the repayment of Relief Bonds, and for the cost of the Armies of Occupation, provided that the other foreign Governments also consented to the postponement of their corresponding claims. It was decided to request the Powers not represented at the Conference which had claims upon Austria, either for reparation or for

(*) The observations of the Austrian Section on the feasibility of applying this system to Austria were transmitted by the Commission to the League of Nations in May, 1921, and will be found in Appendix XLIII. (*See* page 286.)

Relief Credits (United States, Belgium, Succession States of Austria and Hungary, Holland, the Scandinavian countries and Switzerland), to make a similar declaration. The League of Nations was invited to summon a conference of banks and credit houses to study the application to Austria of the ter Meulen plan. The League of Nations was also to study the conditions in which it would be possible to assume control of the Austrian revenues, with a view to enabling the above decisions to be applied.

It subsequently appeared that the Italian Government had only identified itself with the above decision on certain conditions regarding which Italy did not, in fact, obtain satisfaction until the conclusion of the Inter-Allied Financial Agreement of Paris, dated the 11th March, 1922.

The Financial Committee of the League of Nations reported on the 31st May. It definitely accepted the task which had been offered to it by the heads of the Governments assembled in London. From this time onwards the problem enters upon a new phase, in which the Reparation Commission and the Austrian Section were not called upon to intervene except for the purpose of giving legal form to the decision suspending the priority of reparation upon all Austrian assets.

On the 30th April, 1921, the Austrian Section, by agreement with the Austrian Government was, for reasons of economy, transferred to Paris. The Reparation Commission retained at Vienna only certain executive offices, which were gradually reduced in proportion as the tasks which were assigned them were liquidated.

It is unfortunately impossible at the present date to complete this chapter in the history of Austrian reparation obligations. In the presence of the statement of principles involved in the decision of the 17th March, 1921, above noted, and of the conclusions at which the League of Nations arrived, it would appear that no considerable work remained to be done by the Commission. The principles in question, however, could not be put into application before the Commission had performed a difficult and delicate task : only a minority of the Governments directly interested were parties to the declaration made by the Governments; a release of Austria from her reparation obligations, even over a long period of time, would not have been sufficient in itself to re-establish Austria; a release from the service of relief obligations was equally imperative, and in some cases there were practical difficulties to be surmounted by the lending Governments. Moreover, while the principle of postponement had been enunciated by certain Governments, and widely accepted by the others, it remained to determine the amount for which Austria would be deemed liable after the lapse of the period covered by the postponement. A still more delicate problem was involved in the consideration how far and in what sense the charge of the Allied and Associated Governments in favour of reparation upon all the assets and revenues of Austria

should be maintained in being during the period of postponement; how far, in other words, and in what form supervision of Austria's finances was desirable, both in her own interests and in those of her Treaty creditors.

At the moment when this Report is being prepared, these various questions, though they have formed the subject of very careful and anxious consideration, have not yet received a final solution.

However, it should be added that, pending the preparation and application of the League of Nations' reconstruction plan, immediate difficulties of the most pressing nature led the Austrian Government to offer a number of tapestries, formerly the property of the Crown, as security for a series of loans. The Reparation Commission, during the course of 1922, granted authority for the pledging of these tapestries for the following loans: 500,000,000 Czecho-Slovak crowns, by the Czecho-Slovak Government; £2,250,000, by the British Government; 70,000,000 lire, by the Italian Government. Within the same period the French Government agreed to advance a sum of 55,000,000 French francs to Austria.

Moreover, on the 21st July and the 4th August of the same year, the Reparation Commission, in response to the Austrian Government's Notes of the 5th, 17th and 31st July, consented to release the revenues from the forests, the salt mines, the Customs and State domains, in order that these revenues might be used as security for a new Bank of Issue in conformity with the Federal Law of the 24th July, 1922. The Commission was prepared in principle to liberate the same revenue from the Customs and the revenue from the tobacco monopoly as security for a foreign loan, agreed that the same revenues might equally be applied as security for the loans granted, or already decided, by Great Britain, Czecho-Slovakia, France and Italy, and reserved the right to examine the utilisation of these revenues.

Discussions at Geneva in September and October, 1922, ended in the elaboration of a scheme which, with the support of the various Governments concerned, it is hoped will re-establish the financial structure of Austria. For the history of this phase of the problem, reference may be made to the Supplement to the Monthly Summary of the League of Nations for October, 1922.

The League of Nations' scheme (*see* the Protocols signed at Geneva on 4th October, 1922) includes the issue of short-term loans in order to meet immediate difficulties until a long-term foreign loan can be issued. At the request of the Council of the League of Nations, the Commission therefore reached, on the 27th October, 1922, decisions under which:

(*a*) the release of assets under the decisions of the 21st July and the 4th August, 1922, subject to the Federal Law of the 24th July, 1922, is made subject to that law as amended in such particulars as may be considered necessary by the League of Nations.

(*b*) the Customs and the tobacco monopoly are made available as security for short-term loans to be repaid before the issue of the long-term loan or out of the proceeds of this loan.

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RESTITUTION.

The provisions of Article 184 of the Treaty of St. Germain respecting restitution are substantially the same as those of Article 238 of the Treaty of Versailles (*see* Chapter V.).

The general Protocol for the application of Article 184, based on that adopted by the Reparation Commission for the application of Article 238 of the Treaty of Versailles, was despatched to the Austrian Government for its observations on the 22nd April, 1921, and accepted by it, subject to certain reservations.

On the 18th June, 1921, the Commission, taking the situation of Austria into account, decided to make the following concessions until further notice :

(*a*) the expenses of transport beyond the Austrian Frontiers, of setting up and restoring to working order, would not be exacted from Austria at the moment, but would be the object of a separate account ;

(*b*) the restitution of livestock, and of identified machinery in use, including locomotives, would be postponed.

The objects restored up to date by Austria include 1,450 wagons, industrial material to the value of about half a million gold crowns, and considerable quantities of art treasures, documents, archives, etc.

Substitution agreements in most cases put an end to searches.

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DELIVERIES UNDER ANNEX IV.

On the 9th August, 1920, on the demand of the interested Governments, the Austrian Section requested the Austrian Government to inform it what provision it had made, or was prepared to make, to fulfil the obligations arising under paragraphs 6 and 7 of Annex IV.

The Austrian Government protested that it found itself unable to make any deliveries at a time when it had, on the contrary, to receive assistance from abroad.

Nevertheless, on the 4th March, 1921, considering that the live-stock position was more favourable in Austria than in the Allied countries which were making demands upon her, the Austrian Section requested the Austrian Government to proceed to deliver to Italy, the Serb-Croat-Slovene State and Roumania the quantities of livestock provided for as immediate advances in paragraph 6 of Annex IV.

The Austrian Government appealed against this decision to the Reparation Commission, which proceeded to a new and exhaustive

examination of the livestock position in Austria on the one hand and in the countries demanding the deliveries on the other hand. As a result of this examination the Reparation Commission decided on the 2nd September, 1921, to postpone for four months the question of applying paragraph 6 of Annex IV, on the understanding that substitution arrangements for restitution would be concluded in the interval, and that their execution would be carried out energetically.

The Commission reserved the right to terminate the postponement if satisfactory progress was not realised.

The period of postponement was subsequently prolonged on several occasions.

* * * * * * *

Liquidation of War Material.

The war material, which exceeded the quantities authorised by the Peace Treaty, and was therefore deliverable under the clauses of Part V. of the Treaty, was divided by a decision of the Conference of Ambassadors into three categories :

(1) Material belonging to the War Department and considered by the Inter-Allied Commissions of Control as being of no military use, or non-combat material. This material was handed over to the Austrian Government.

(2) War material capable of being adapted for civil purposes, the only category with which the Reparation Commission was concerned. An inventory of this material was made by the Commissions of Control, and it was valued by the Austrian Section. It was then restored to Austria against the issue of Relief Bonds to the Allied Powers to which it belonged under the Treaty, the value of it being considered as a relief loan granted to Austria. Italy having a priority by virtue of her Army of Occupation claim on Austrian payments, all the bonds thus issued were allocated to Italy. Bonds to the value of about 4 million gold crowns were thus issued, representing the value of existing material inventoried by the Commissions of Control. The amount (about 9 million gold crowns) representing the value of material illegally sold by Austria after ratification of the Treaty by the Austrian Parliament was abandoned, the Italian Government having agreed, in view of the financial situation of Austria, to claim the issue of a corresponding amount of Relief Bonds.

The taking over of this material, its valuation, its sale, and the collection of the proceeds, as well as the valuation of the material illegally sold, involved a considerable amount of work for the Austrian Section and the officers who remained at Vienna after the transfer of the Section to Paris.

(3) " Combat " material was handed over in kind to the Allied and Associated Powers and distributed among them.

APPENDIX I.

LIST OF THE MOST IMPORTANT DUTIES IMPOSED BY THE TREATIES OF VERSAILLES AND ST. GERMAIN UPON THE REPARATION COMMISSION.

TREATY OF VERSAILLES.

PART III.

ARTICLE 50, ANNEX (paragraph 5).

Determination of the value of the coal mines and other accessories within the Saar basin ceded by Germany to France pursuant to Articles 45-50 and the Annex.

PART IV.

ARTICLE 124.

Approval of the French Government's estimate of the total damage suffered by French subjects in the Cameroons or in the frontier zone from the 1st January, 1900, to the 1st August, 1914.

ARTICLE 125.

Approval of the French Government's estimate of all deposits, credits, advances, etc., effected by virtue of the Agreements of the 4th November, 1911, and the 28th September, 1912, concerning Equatorial Africa.

ARTICLE 145.

Determination of the value of the shares representing Germany's portion of the capital of the Bank of Morocco to be transferred by the German Government to a person nominated by the French Government.

PART VIII.

ARTICLE 232.

Determination of the amount and nature of the bonds which Germany is to issue for the reimbursement of the Belgian Debt to the Allied and Associated Powers.

ARTICLE 233.

Determination and notification to the German Government on the 1st May, 1921, at latest, of the extent of Germany's obligations; and establishment of a Schedule of Payments for the discharge of the entire obligation by Germany within a period of 30 years.

ARTICLE 234.

Periodical examination of Germany's resources in order to modify her payments if necessary.

ARTICLE 235.

Determination of instalments and methods by which Germany shall pay the equivalent of 20,000,000,000 marks gold during the years 1919 and 1920 and the first four months of 1921, and receipt of bonds to be issued by Germany as prescribed in paragraph 12 (*c*), Annex II.

ARTICLE 238.

Establishment of procedure for restitution.

ARTICLE 243.

Determination of the sums to be reckoned as credits to Germany in respect of her reparation obligation, for any transfers under the Treaty of property rights, concessions or other interests.

ANNEX II, paragraph 12 (*b*).

Examination of the German system of taxation (1) to the end that the sums for reparation which Germany is required to pay shall become a charge on all her revenues prior to that for the service or discharge of any domestic loan, and (2) so as to satisfy the Commission that, in general, the German scheme of taxation is fully as heavy proportionately as that of any of the Powers represented on the Commission.

ANNEX II (paragraph 12 (*c*) 1, 2, 3, paragraph 12 (*a*),* and paragraph 15).

Duty of obtaining from Germany the issue of marks gold bearer bonds for reparation and assignment of certain German revenues and assets to the service of the bonds. Supervision of the application of these revenues by the Committee of Guarantees. Issue to the interested Powers of certificates as to bonds and goods delivered.

ANNEX II (paragraph 19).

Power to fix, in certain cases, values of the substitutes for gold accepted as payment.

ANNEX II (paragraph 19 (2)).*

Duty of approving, and duty of causing Germany to provide for, such demands for material and labour for the restoration of the devastated areas as each of the Allied Powers may make.

ANNEX III (paragraphs 1, 2, 3 and 4).

Exaction of the delivery by Germany to the Allied and Associated Powers of the merchant ships indicated in the Treaty, and of the handing over by Germany of the documents of title for each ship.

ANNEX III (paragraph 5).

Determination and notification to Germany of the amount of tonnage to be laid down in German ship-yards on account of the Allied and Associated Governments during each of the five years following the coming into force of the Treaty.

ANNEX IV (paragraphs 2, 3, 4 and 5).

Establishment of the procedure and taking of decisions regarding animals, reconstruction materials, etc., to be delivered by Germany in accordance with the lists furnished by the Allied and Associated Powers and determination of the value of the animals, reconstruction materials, etc., thus delivered.

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* Paragraph 12 (*a*) and 19 (2) are amendments inserted in the Treaty of Versailles in conformity with the decision of the Allied Governments of the 5th May, 1921.

ANNEX V.

Exercise of options for delivery by Germany of coal, and derivatives of coal, with power to postpone or cancel deliveries in cases where it is determined that the full exercise of the options would interfere unduly with the industrial requirements of Germany and to settle all questions of priority.

ANNEX VI.

Exercise of options for delivery of dyes and pharmaceutical products.

ARTICLE 247.

Responsibility for the execution of the delivery by Germany to the University of Louvain, of manuscripts, printed books, etc., for the restoration of the Library at Louvain, and the surrender within six months of the coming into force of the Treaty of certain specified works of art by Germany to Belgium.

PART IX.

ARTICLE 248.

Maintenance of the right of priority established on all the assets and revenues of Germany in the interests of reparation, subject to the approval of exceptions.

ARTICLE 250.

Determination of the credit to be granted to Germany for the material of a non-military character delivered under the Armistice of 11th November, 1918, and the Armistice Agreement of 16th January, 1919, and any other subsequent Armistice Agreements.

ARTICLES 254 AND 255.

Determination of the portion of the debt of the German Empire to be borne by Powers to which German territory is ceded.

ARTICLE 256.

Determination of the value to be credited to Germany of all the property and possessions belonging to the German Empire or German States acquired by the Powers to which German territory is ceded.

ARTICLE 260.

Duty of obtaining from Germany within six months of the date of the coming into force of the Treaty the communication of a list of rights and interests of German nationals in public utility undertakings or concessions operating in Russia, China, Austria-Hungary, Bulgaria, Turkey or any territory ceded by Germany or her allies or administered by a mandatory under the Treaty. Notification to Germany within one year of the coming into force of the Treaty, which of these rights and interests she must acquire. Duty of obtaining the transfer to the Commission of the said rights and interests within six months of the date of the demand.

PART X.

ARTICLE 296 (paragraph 4 (*c* and *d*)).

Determination in the case of new States of the currency in which and the rate of exchange at which debts shall be paid or credited.

TREATY OF St. GERMAIN.

PART VIII.

ARTICLE 179.

Determination of the damage for which compensation is to be made by Austria, and preparation of a Schedule of Payments for the discharge by Austria within 30 years, dating from the 1st May, 1921, of the portion of the debt to be assigned to her.

ARTICLE 180.

Periodical examination of Austria's resources for the purpose of modifying, if necessary, the payments to be made by her.

ARTICLE 181.

Determination of a reasonable sum to be paid by Austria in the course of 1919, 1920, and the first four months of 1921, and for the number of the instalments and the method by which they shall be paid.

ARTICLE 184.

Establishment of the procedure for restitution.

ARTICLE 189.

Determination of sums to be reckoned as credits to Austria in respect of her reparation obligations for any transfers under the Treaty of property rights, concessions, or other interests.

ANNEX II (paragraph 12*b*).

Examination of the Austrian system of taxation.

ANNEX II (paragraphs 12*c* and 15).

Duty of obtaining from Austria the issue to the Commission of certain gold crown bearer bonds. The handing over to the interested Powers of certificates as to bonds and goods delivered.

ANNEX II (paragraph 19).

Valuation of goods which are accepted in payment as substitutes for gold.

ANNEX III (paragraphs 1, 2, 3 and 4).

Duty of obtaining the delivery of the Austro-Hungarian merchant fleet.

ANNEX IV.

Establishment of procedure and taking of decisions in regard to the animals, etc., to be delivered by Austria in accordance with the lists furnished by the Allied and Associated Powers, and valuation of the animals, etc., thus delivered.

ANNEX V.

Exercise of the options for the delivery by Austria of certain raw materials, timber manufactures, iron and iron alloys, magnesite.

ARTICLE 195.

Appointment of a Committee of three jurists to examine the conditions under which certain manuscripts and other objects were carried off by the House of Hapsburg, from Italy, Belgium, Poland and Czecho-Slovakia. Taking of decisions as a result of the report of the said Committee.

PART IX.

ARTICLE 197.

Maintenance of the right of priority established on all the assets and revenues of Austria in the interests of reparation, subject to the approval of exceptions.

ARTICLE 199.

Determination of the credit to be granted to Austria for the material of a non-military character delivered under the Armistice of 3rd November, 1918, and subsequent Armistice agreements.

ARTICLE 203 AND ANNEX.

Determination and valuation of the amounts of the secured and unsecured debts of the former Austrian Government, which were in existence on 28th July, 1914, to be assumed by each of the States to which territory of the former Austro-Hungarian Monarchy is transferred, and each of the States arising from the dismemberment of that Monarchy.

ARTICLE 204.

Determination of the portion of the public debt to be borne by the several parts of any local area which had a legally constituted public debt, and has been divided by the new Treaty Boundaries.

ARTICLE 206 (paragraphs 1, 2, 3, 4, 5 and ANNEX).

Duty of obtaining the transfer to the Commission by States to which territory of the former Austro-Hungarian Monarchy has been transferred or which have arisen from the dismemberment of that Monarchy, of the notes of the Austro-Hungarian Bank replaced by their own currency or a new one.

ARTICLE 206.

Nomination of Receivers for the liquidation of the Austro-Hungarian Bank, decisions on doubtful cases of interpretation arising, etc.

ARTICLE 208.

Determination of the value to be credited to Austria of the property of the former or existing Austrian Government situated in States to which the territory of the former Austro-Hungarian Monarchy has been transferred or which have arisen from the dismemberment of that Monarchy.

ARTICLE 211.

Duty of demanding, should the Commission think it advisable, within one year of the coming into force of the Treaty, that Austria become possessed of any rights and interests of her nationals in any public utility undertaking or in any concession operating in Russia, Turkey, Germany or Bulgaria, or in possessions or dependencies of these States, or in territory formerly belonging to Austria or her Allies, to be transferred to any State or to be administered by a mandatory. Duty of exacting, should the Commission think it advisable, the transfer of all such rights and interests.

PART X.

ARTICLE 224.

Determination of a reasonable quantity of coal and lignite to be exported for a period not exceeding three years free of export duty from Czecho-Slovakia and Poland to Austria.

ARTICLE 248 (*d*).

Determination in the case of the new States of Poland and Czecho-Slovakia of the currency in which, and the rate of exchange at which, debts shall be paid and credited.

APPENDIX II.

METHOD OF PROCEDURE

adopted unanimously by the Reparation Commission and the Inter-Allied Commission to ensure the operation and execution of the terms of Part VII of the Treaty of Neuilly, and of such portions of Parts VIII and IX as concern them.

I.

A. The Reparation Commission will consult the Inter-Allied Commission before deciding any of the matters following: the Reparation Commission may either request the Inter-Allied Commission to give its opinion or the Inter-Allied Commission may do so on its own initiative, but the Reparation Commission is not bound to follow the opinion given.

1. Determination by the Reparation Commission of the nominal amount of gold bonds received on the payments to be made by Bulgaria, and of all questions as to form, number, denominations and terms of payment belonging to the service of the bonds (Article 121, paragraphs 8 and 9).

The Inter-Allied Commission shall deduct from the half-yearly payments due by Bulgaria in accordance with the terms of Article 121 the amount required for payment of interest, sinking fund and all other charges connected with these bonds (Article 121, last paragraph).

2. Arrangements to be made by the Reparation Commission "regulating the loan and all contracts and agreements or other arrangements connected with it" contracted by Bulgaria in Germany in July, 1914 (Article 139, 2nd paragraph).

3. Determination of the value of "all property and possessions belonging to the Bulgarian Government" situated within the territory ceded by Bulgaria in execution of the terms of the Treaty of Neuilly (Article 142).

4. Determination of the "rate of conversion of gold notes" in all cases where payment is made "of customs duties on a gold basis" on imports from Allied and Associated Powers (Article 151).

5. Subsequent determination of the "currency" in which and the "rate of exchange" at which "debts" referred to in Article 176 shall be paid or credited by Poland and Czecho-Slovakia (Article 176 (*d*)).

6. The entry to the credit of Bulgaria of all amounts with which the Reparation Commission considers that Bulgaria should be credited under the terms of Parts VIII, IX and XI of the Treaty of Neuilly.

B. The Inter-Allied Commission will act as representative of the Reparation Commission in the following cases:

1. Half-yearly payments in respect of reparation made by Bulgaria under the conditions stipulated in Article 121, paragraph 6, and Article 146, and all additional payments effected by Bulgaria in reduction of the total capital sum due over and above the half-yearly payments (Article 123).

In order to allow these payments and all other payments made by Bulgaria under the same terms to be entered by the Reparation Commission in the account "Reparation money paid by Bulgaria" opened by its Accounting Service, the Inter-Allied Commission will forward periodical statements to the Reparation Commission made out in accordance with the general rules adopted by the Reparation Commission for keeping accounts of reparation monies under the Treaties of Versailles, Saint-Germain and Trianon.

2. Determination of value of material already delivered or remaining to be delivered by Bulgaria to the Allied and Associated Powers in accordance with the terms of the Armistice of 29th September, 1919, and for which on account of its non-military character, the Reparation Commission may previously have decided that Bulgaria should be allowed credit (Article 136).

Should the Allied and Associated Powers decide, either spontaneously or at the request of the Reparation Commission, that the Reparation Commission should be empowered to offer for sale the military or aeronautical material which is not actually fighting material (matériel de combat) delivered or to be delivered by Bulgaria under Articles 80, 87 and 95 of the Treaty of Neuilly, and place the amounts realised to the credit of the Reparation Account of Bulgaria, the Inter-Allied Commission will be requested to obtain a valuation of said material unless the Allied and Associated Powers should decide to the contrary.

3. Transfer by Bulgaria to the Reparation Commission of all claims which she or her nationals who acted on her behalf may have to payment or reparation by Germany, Austria, Hungary or Turkey or their nationals (Article 145).

4. Determination of the Bulgarian Debt on 11th October, 1915 (Article 141, paragraph 2).

5. Execution of all decisions adopted by the Reparation Commission concerning the loan contracted by Bulgaria in Germany in July, 1914 (Article 139).

6. Delivery of bonds as stipulated in Article 121.

7. Payment on account of reparation of the proceeds of the liquidation of property specified in Article 177, sub-paragraph i.

8. Valuation of the livestock which the Inter-Allied Commission had decided should be delivered by the Bulgarians according to the terms stipulated by the last paragraph of Article 127.

C. In the following cases, the Reparation Commission will decide on proposals submitted to it by the Inter-Allied Commission on its own initiative. The Reparation Commission is not bound to accept the proposals of the Inter-Allied Commission.

1. Proposals tending to effect the reparation payments stipulated in Article 121 "in the form of chattels, properties, commodities, rights, concessions, within or without Bulgarian territory, ships, bonds, shares or securities of any kind or currency of Bulgaria or other States; the value of such substitutes for gold being fixed at a fair and just amount by the Reparation Commission" (Article 121, paragraph 7).

The proposals of the Inter-Allied Commission shall when possible be accompanied by an opinion respecting the value of the means of payment above referred to.

2. All proposals for the postponement or reduction of either one or several payments due, or of the capital sum to be paid by Bulgaria. The Reparation Commission to decide on this question by a majority vote to the extent recommended by the Inter-Allied Commission (Article 122).

D. When adopting a decision relating to questions enumerated hereafter, the Inter-Allied Commission shall communicate the decision to the Reparation Commission and shall endeavour to do so in time for the latter Commission to announce its opinion on the subject.

The Inter-Allied Commission is not bound to follow the opinion given.

1. The exceptions granted by the Inter-Allied Commission to the first charge upon all the assets and revenues of Bulgaria as laid down in Article 132.

2. The decisions of the Inter-Allied Commission concerning delivery of coal to the Serb-Croat-Slovene State under the terms of Article 128.

3. The determination of the portion of the Bulgarian Public Debt for which each Power to which Bulgarian territory is ceded is to assume responsibility (Article 141, paragraph 3).

II.

Generally speaking, and apart from the above stipulations, the Reparation Commission and the Inter-Allied Commission agree to the following:

The Reparation Commission and the Inter-Allied Commission decide to keep in close communication with each other, and consult each other as much as possible, when the application of the Treaty of Neuilly necessitates taking important decisions, or when it is necessary to take decisions affecting the financial resources and economic life of Bulgaria.

Moreover, the communications which the Reparation Commission may have to make to the Bulgarian Government relating to questions with which the Inter-Allied Commission has to deal, shall be transmitted by the Inter-Allied Commission.

In order to facilitate the execution of these proposals the Reparation Commission and the Inter-Allied Commission shall each appoint a member of their Secretariat; he will be charged with the liaison, ensuring the exchange of correspondence, forwarding of opinions and decisions, and the regular transmission of all documents originating with themselves or their services which are likely to be of interest.

The General Secretariat of the Reparation Commission shall henceforth communicate to the General Secretariat of the Inter-Allied Commission all general decisions, all documents relating to the attributions that the Treaty of Neuilly confers on it, more especially in the matter of restitution, of deliveries of livestock, of cessions under the Armistice, of valuations, etc.

III.

The Reparation Commission and the Inter-Allied Commission reserve the express right to request at all times that such additions or amendments as appear in practice to be necessary, may be made in the present Arrangement. If any proposal is made for the amendment of any of the above clauses (unless the clause is merely a reference to or reproduction of one of the Articles of the Treaty of Neuilly), the clause in question will, on the demand of the Reparation Commission or of the Inter-Allied Commission, be provisionally suspended.

In duplicate, 23rd June, 1921.

For the Reparation Commission:
Louis Dubois.
Salvago Raggi.

For the Inter-Allied Commission for Bulgaria:
René de Cherisey.

APPENDIX III.

LIST OF DELEGATES AND ASSISTANT DELEGATES

from the coming into force of the Treaty until the present date.

UNITED STATES:

Unofficial Delegate: Mr. A. Rathbone (resigned 9th April, 1920), Mr. R. W. Boyden. Unofficial Assistant Delegate: Mr. James A. Logan, Jr. General Secretary: Mr. J. G. Rhea (until 18th January, 1921), Mr. H. B. Hodge. Assistant General Secretary: Mr. Hobgood (until 20th March, 1921), Mr. F. Bate.

GREAT BRITAIN:

Delegate: Sir John Bradbury, G.C.B. Assistant Delegates: Sir Hugh Levick, K.B.E. (resigned 30th May, 1921), Mr. B. A. Kemball-Cook, C.B. General Secretary: Mr. A. McFadyean (until 1st July, 1922), Mr. S. A. Armitage-Smith, C.B., Assistant General Secretary: Mr. W. A. C. Goodchild.

FRANCE:

Delegate: M. Jonnart (resigned 18th February, 1920), M. R. Poincaré (resigned 19th May, 1920), M. Louis Dubois (resigned 6th October, 1922), M. Louis Barthou. Assistant Delegate: Côntroleur-Général Mauclère. General Secretary: M. A. Aron. Assistant General Secretary: M. A. Pichon.

ITALY:

Delegate: Signor Bertolini (died 27th November, 1920), Marquis Salvago Raggi (appointed 11th January, 1921). Assistant Delegate: Signor d'Amelio. General Secretary: Signor J. Gasparini. Assistant General Secretary: Signor E. Lanino.

BELGIUM:

Delegate: M. Theunis (resigned 24th November, 1920), M. Léon Delacroix. Assistant Delegate: M. Bemelmans. General Secretary: M. Gutt (until 31st December, 1920), M. R. Périer. Assistant General Secretary: M. R. Périer (until 31st December, 1920), M. G. A. Furst.

JAPAN:

Delegate: Mr. Kengo-Mori. Assistant Delegate: Mr. Sekiba.

SERB-CROAT-SLOVENE STATE:

Delegate: M. Boshkovitch. Assistant Delegate: M. Diouritch.

COMMON DELEGATE, representing five Powers under the Treaties of St. Germain, Trianon and Neuilly:

1st year: 8th June, 1920—18th June, 1921:
Delegate: M. Neculcea. Assistant Delegate: M. Diouritch.

2nd year: 18th June, 1921—30th June, 1922:
Delegate: M. Boshkovitch. Assistant Delegate: M. Papadiamantopoulos.

3rd year: 30th June, 1922—
Delegate: M. Mrozowski. Assistant Delegate: M. Neculcea.

INTER-ALLIED GENERAL SECRETARIAT.

GENERAL SECRETARY:

Mr. (afterwards Sir) J. A. Salter, K.C.B. (until 30th June, 1922), Mr. A. McFadyean.

TWO ASSISTANT GENERAL SECRETARIES:

M. G. Bergery, M. R. Denis.

MEMBERS OF MANAGING BOARDS.

LEGAL SERVICE:

Mr. H. A. Bayne, United States (unofficial); Mr. J. Fischer Williams, K.C., Great Britain; M. J. Lyon, France; Signor M. Pilotti, Italy; M. J. M. Marx, Belgium.

SERVICE OF RESTITUTION AND REPARATION IN KIND:

Mr. Blanton Winship, United States (unofficial); Sir. T. H. Urwick, Great Britain; M. R. Boris, France; Signor Laviosa, Italy; M. Bada, Belgium.

FINANCE SERVICE:

Mr. R. A. Hess, United States (unofficial); Mr. F. W. Leith Ross, Great Britain; M. Cheysson (until 13th November, 1920), M. E. Minost, France; Signor A. Graziadei, Italy; M. Ch. Frerichs, Belgium.

MARITIME SERVICE (London).

Mr. L. B. Greene, United States (unofficial); Mr. B. A. Kemball-Cook, C.B., Great Britain; M. Hanonnet de la Grange, France; Colonel Ingianni, Italy; Mr. Kengo-Mori (until 2nd April, 1921), Mr. Arakawa, Japan.

VALUATION SERVICE:

Mr. H. B. Hodge, United States (Unofficial); Mr. Howell Thomas, Great Britain; Contrôleur-Général Schweitzer, France; Signor Fiori, Italy; M. Greiner, Belgium.

This Service closed on 1st May, 1921.

ACCOUNTING SERVICE:

Accountant-General: Mr. G. P. Auld.

INTELLIGENCE SERVICE:

Director: M. M. Frère.

APPENDIX IV.

OPINION OF THE COMMITTEE OF JURISTS

With regard to the Rights of the Allied and Associated Powers over German Securities in pursuance of Article 235 and Article 260 of the German Treaty.

Under Article 235 and with a view to allowing the immediate reconstruction of the industrial and economic life of the Allied and Associated Powers, Germany should, before the 1st May, 1921, pay " in such instalments and in such manner (whether in gold, commodities, ships, securities or otherwise) as the Commission may fix," the equivalent of 20 milliards of gold marks.

The majority of the Committee is of the opinion that this is a temporary measure consequent upon the lapse of time inseparable from the establishment of reparation claims. It seems clear that this Article gives the Reparation Commission the right, firstly, to fix upon certain periods for payment, for example, monthly, quarterly, or half-yearly; and secondly, to define the way in which this payment is to be carried out, whether in gold, commodities, ships, securities or otherwise.

The opinion of the minority, formulated in the attached note, is that the proper interpretation of Article 235 should be in the sense that the reference to payments in " gold, commodities, ships, securities or otherwise " refers only to the means of payment authorised in the other parts of the Treaty, and the conclusion is drawn that in practice the securities mentioned in Article 235 are solely the same securities as are mentioned in Article 260.

This interpretation does not appear to agree either with the text of the Treaty or with the intention of the drafters.

In the first place, there is no stipulation whatever which insists on the obligation to carry out the payment in gold or its equivalent,and paragraph 2 of Annex III, relating to the delivery of certain ships, lays down that these ships should be delivered within the two months after the coming into force of the Treaty. It is not clear how this stipulation can be reconciled with the text of Article 235, according to which the payment of the 20 milliards before 1921 can be carried out in kind in the form of ships.

In the second place, as previous investigations show, there had first of all been a question of giving the Reparation Commission the right during the whole reparation period, that is to say, 30 years, of imposing payments in kind on Germany, as the Commission might decide. The Supreme Council considered that this would be going too far, but in this opinion it did not contemplate the period immediately following the war in which the right of the Commission was fully justified by the necessity of providing for the immediate economic reconstruction of the Allied countries.

However, without anything having been changed in Article 235 which recognises the right of the Commission, paragraph 19 of Annex II (Reparation), provides for the substitution of payments in kind in the place of payments in specie, and was specially drawn up for the purpose of avoiding any uncertainty. The original text, according to which the Commission would at any moment be empowered to " *demand* " payments in kind, has been replaced by the present text, according to which the Commission may " *accept* " these payments, the option of making them being accorded to Germany. This modification refers then only to the general reparation period and leaves intact the special temporary stipulation of Article 235.

Article 236, the express aim of which is to oblige Germany to deliver certain goods directly, cannot give rise to any doubt as regards the interpretation of Article 235. In the first place, Article 236 and the Annexes

which deal with the application thereof, lay down for Germany an obligation which is regarded as completely distinct from that of Article 235. The text says explicitly: Germany "*further*" undertakes. In the second place, Article 236 and the Annexes do not refer to an obligation *to pay* a certain sum, but *to deliver* certain goods in certain specified conditions and proportions, and to allocate in these conditions the economic resources of Germany to the reparation of the damages caused by her. Article 235 on the other hand imposes on Germany the obligation to *pay* a certain sum, 20 milliards, within a certain period, and the surrender of goods, ships or securities, is only a means of liquidating this debt, the choice of such means being reserved to the creditor.

For example, according to Article 236 and Annex VI, Germany must supply 8 million tons of coal to Belgium for ten years. This is an obligation to *deliver*. On the other hand, according to Article 235, Germany must *pay* 20 milliards of gold marks to the Reparation Commission. This is an obligation to *pay*, in fact to liquidate this debt by payment in goods, ships or securities.

Finally, some doubt has arisen because of the terms of the Allied reply sent to the Germans on the 16th June, 1919, page 37, "Outside the Empire the Allied and Associated Powers have abstained from claiming the transfer of German goods and interests in neutral countries; they ask solely for the surrender of property which is not indispensable to the existence of Germany and can be given up without disturbing her internal security."

This explanation which was given to Germany, is not in any respect incompatible with the interpretation which the majority of the Committee of Jurists considers accurate. In fact, this passage in the Allied reply refers to "*transfers*" and "*surrender*" of German property and interests in neutral countries. Now, in the case of Article 235, there is no question of asking for similar transfers or surrenders from Germany, but of asking her to settle a debt, if circumstances so demand, by means of any foreign securities whatever may be the means to which Germany may have recourse to procure them and whatever may be the persons to whom Germany may apply for this means of payment.

It is further agreed (1) that no matter on what ground any payment in kind may be chargeable to Germany, the value of this payment in kind, once it has been made, is carried to the credit of Germany; this is the effect of Articles 235 and 236; (2) that in all cases the Commission should take account of the economic capacity of Germany as is laid down in Article 233.

For the above reasons the majority of the Committee of Jurists is of opinion that the Reparation Commission is within its rights in demanding that Germany shall liquidate her debt of 20 milliards of gold marks "in such instalments and in such manner" as the Commission may esteem proper, and insisting for this purpose that this debt should be liquidated in *securities* in such proportions as the Commission shall determine, special attention being paid to the alienation of securities judged necessary for the purchase of supplies and which may correspond to the economic capacity of Germany in this respect.

It will be the business of the German Government to take the necessary steps for supplying itself with the securities demanded by the Commission. It may obtain them from its nationals in Germany or elsewhere, it may buy them on the foreign market. In principle, this does not concern the Reparation Commission which is not called upon to decide what steps its debtor may take to satisfy his obligations, and has not in any such connection the duty of decreeing such and such a measure of requisition or sequestration.

In practice, so long as the Reparation Commission will not have notified Germany of the conditions under which it intends to claim the execution of Article 235, Germany cannot be reproached with having omitted to forbid the alienation and export of goods, ships and securities which may be in

her territory, under reservation of course of the German Federal or State assets, in view of the privilege of Article 248.

But once the Commission has specified the payments which it intends to claim, that is to say, once the Commission has notified Germany that the latter must in execution of Article 235 pay a certain sum (costs of the occupation and of supplies, laid down as having to be paid from this sum) on a certain date, and when Germany shall have effected this payment in such specified securities, for example, with the securities at her mediate or immediate disposal, a list of which will be given in by the Commission, then Germany will no longer be able to dispose or allow free disposition or export of any of these securities thus specified. She must maintain the measures taken by her to keep these securities at her disposal as is laid down in Article 241.

It would thus be to the advantage of the Reparation Commission to inform Germany as soon as possible of the securities which it is intended to demand of her. Thus the interests of the Allies would be safeguarded and Germany would know what she could or could not dispose of.

* * * * * * * * * *

(Signed) W. FINLAY.
FROMAGEOT.
BENSA.
MARX.

APPENDIX V.

OPINION OF DISSENT

From the opinion of the Majority of the Members of the Committee of Jurists concerning the powers of the Reparation Commission over the "neutral securities" of German Nationals, under Article 235 of the German Treaty.

I dissent from the conclusion of my learned associates that the Reparation Commission is empowered, under Article 235, to demand the delivery of securities owned by German nationals other than those which, by the terms of the Treaty, are specifically subjected to the burden of reparations and are required to be delivered to the Commission, namely, their securities in public utility undertakings or concessions in Russia, China, etc., referred to in Article 260.

In interpreting the powers of the Commission over the private property of German nationals I think that there should be applied the following rules:

(*a*) The Commission being a body empowered to exercise limited powers only, it should be held to possess such powers only as are by the terms of the Treaty clearly conferred upon it.

(*b*) Powers in derogation of the private property rights of German nationals should be presumed not to be conferred unless the provisions of the Treaty which are claimed to confer them admit of no other reasonable interpretation.

(*c*) With reference to such power, the rule of interpretation should be applied that the Treaty having been drawn by the Allies should be interpreted against them.

(*d*) The specification of certain private property as property which the Commission is empowered to demand the surrender of implies, generally, the preclusion from its control of other private property not specified.

Article 297 of the Treaty subjects all of the securities of German nationals representing rights or interests situated in the territories of the Allied or Associated Powers to appropriation by those Powers for purposes including the payment of reparations. As the Allied and Associated Powers constituted a large part of the civilised world, this Article subjects to the burden of reparations (the Reparation Commission does not administer them) a very substantial portion of the foreign securities of German nationals.

Under Article 260 the Reparation Commission is given power to demand, within one year, delivery of the securities of German nationals representing rights or interests in public utility undertakings or concessions in Russia, China, Austria, Hungary and Bulgaria.

If my interpretation of the Treaty be correct, all other securities owned by German nationals are left free from the direct powers of the Reparation Commission; it may well be that the German Government may find it necessary to expropriate some of them and offer them, under Part VIII, Annex II, paragraph 19, in payment of its reparation obligations. According to my interpretation of the Treaty, this class of property was intended to be left to the German nationals to enable them to secure the credits necessary to supply themselves with food and raw materials, and to maintain their economic life.

Among the securities of German nationals falling within the latter category are those representing property, or interests, in neutral countries. For convenience of reference I shall refer to these as neutral securities. As it is my understanding that the Reparation Commission desires to be advised immediately as to its powers under Article 235 relative to this class of securities to German nationals, I shall direct my remarks mainly to that branch of the subject.

My associates are of the opinion that the provisions of Article 235 being transitory, and having for their special purpose the immediate restoration of the economic and industrial life of the Allied and Associated Powers, are to be read as conferring upon the Reparation Commission power to require the payment by Germany, before 1st May, 1921, up to the equivalent of 20,000,000,000 gold marks in any commodities, any ships, any securities and any other property of German nationals, which the Commission may fix, without being limited to the classes and quantities of commodities, of ships, of securities or of other property specified in the Treaty as property which must be delivered to the Commission.

My associates concede that, according to this interpretation, the Commission might require the payment of the 20,000,000,000 gold marks in ships so as to require the delivery of all of the steam trawlers and fishing boats, although Annex III requires that one-quarter thereof only shall be delivered; or in commodities so as to require the delivery of machinery, tools, etc., or coal, or dyestuffs beyond the requirements of the categories of commodities referred to in Annexes IV and V; or in iron ore, or in steam engines, or in cloth, or in wheat, or in wine, or in any commodity, or in any property whatsoever, or in domestic securities, or in neutral securities of German nationals, although none of the above classes of commodities or property or securities is specified in the Treaty as subject to the powers of the Commission.

1. According to my interpretation of Part VIII, the powers relative to commodities, ships, securities and other property conferred by Article 235 upon the Reparation Commission relate to those commodities only, to those ships only, to those securities only, and to those other kinds of property only which are by the terms of the Treaty specifically named as property

to be surrendered to the Commission, and do not, therefore, include neutral securities belonging to German nationals.

The scheme of reparations set forth in Part VIII enumerates with great particularity the kinds and quantities of private property to be surrendered to the Commission, as was proper in order that German property owners should know in advance and prepare themselves for the necessary sacrifices. That scheme did not, I believe, contemplate conferring upon the Commission power to disregard the limitations of the general scheme, during two years, by designating for surrender during that period 20,000,000,000 gold marks worth of private property which was not included in the categories of private property designated for that sacrifice. The possession of such a vast power by the Commission could render the limitations of the categories wholly illusory.

The terms of Annex III specify so clearly what classes of ships and what quantities thereof shall be surrendered to the Commission that I find it impossible to believe that it was intended by the term "ships" in Article 235 to empower the Commission to require the delivery of ships additional to those specified. Likewise the terms of Annexes IV, V and VI so carefully designate the classes and quantities of commodities as, for instance, machinery, tools, etc. (Annex IV, paragraph 4), the quantities of coal and when it may be taken (Annex V, paragraph 2), the character and quantities of dyestuffs and drugs (Annex VI, paragraph I), that I find it impossible to believe that the terms "commodities" as used in Article 235 of the same Part was intended to refer to any other commodities than those referred to in the above Annexes, nor to permit the Commission to demand quantities thereof in excess of the quantities specified.

If it be conceded that the expressions "ships" and "commodities" as used in the brackets of Article 235 refer, not to all ships and to all commodities, but only to the classes and quantities of ships and of commodities which elsewhere in the Treaty are specifically described as devoted to the burden of reparations, the ordinary rules of interpretation require that the expression "securities," as used in the same bracket, should be read in the same sense.

I conclude, therefore, that Article 235 confers upon the Reparation Commission power to fix the manner of payment of the 20 milliard gold marks, whether in gold, or in commodities, ships, securities, or otherwise within the limits of the Articles specifying what commodities, what ships, what securities, and what other property must be surrendered to the Commission for the purposes of reparation; and that, as the Treaty nowhere provided that neutral securities owned by German nationals in Germany shall be applicable to reparations, the Reparation Commission has no power to compel their application to that purpose.

2. The provisions of Article 260 for the surrender within one year of certain German foreign holdings in China, Russia, etc., would be unnecessary if Article 235 conferred upon the Reparation Commission the power to demand within two years, the surrender of any or all property or interests of German nationals in foreign countries, up to the value of 20,000,000,000 gold marks. The fact that the Allies specified that class of German foreign holdings as liable to surrender implies that they did not intend to subject to the powers of the Commission any other foreign holdings privately owned in Germany. This view finds confirmation in the facts set forth in paragraph 4 of this memorandum.

* * * * * * * * *

4. That my foregoing interpretation of Article 235 is correct finds, I believe, conclusive support in the following Clause contained in the Reply of the Allied and Associated Powers accompanying their letter dated 16th

June, 1919, to the German observations on the conditions of Peace, especially the objections of the Germans on the financial Clauses:

> "Outside the Empire the Allied and Associated Powers have abstained from claiming the transfer of German property and interests in the neutral countries."

It seems that in a note of 20th June the German Peace Delegation pointed out that these concessions with respect to reparations were not embodied in the Treaty text as modified, that the answer of the Reparation Commission, in response to the above objection (which was approved by the Council of Four), stated that no alteration had been made in the Treaty text, because the concessions which had been made were within the scope of the provisions already laid down in the Treaty and related simply to the manner in which these provisions might be carried into effect. The Commission admitted that the Reply of the Allied and Associated Powers had binding force as interpretative of the Articles on Reparations.

This formal and authoritative interpretation of the meaning of the Treaty by the framers, communicated to Germany as an inducement to obtain her signature to its terms, seems to me to settle its meaning, and would render it improper to contend that under Article 235 the Reparation Commission has power to compel the surrender of German interests in neutral countries.

My associates admit, I believe, the binding force of the foregoing Clause of the Allies' reply, but deny that a requirement by the Commission under Article 235 that Germany pay the 20,000,000,000 marks in securities (belonging to it or to its nationals) of companies owning property or other interests in neutral countries would constitute the taking of "German property and interests in neutral countries." If I apprehend aright the distinction they seek to make it is that the transfer of property and interests, in the above claims, refers solely to property and interests directly owned by Germans and does not refer to shares or other securities of a corporation owning such property or interests.

I cannot admit that distinction. It seems to me to be highly technical and not defensible even as a technical distinction. It would be a very narrow technical construction of the expression "German property in neutral countries" to confine its meaning to property directly owned and to exclude from its meaning the indirect but substantially similar proprietorship which arises from the ownership of the shares of the corporation in which is vested the legal ownership. But if the expression "German property in neutral countries" does not include shares or securities representing interests in such property, certainly the expression "and interests" which follows the word "property" includes the interests represented by shares and securities. But I prefer to rest my argument on the broader ground that by the plain intendment of the Clause in question it was the intention of the Allied and Associated Governments to assure Germany that the Treaty did not contemplate conferring upon the Reparation Commission power to demand the transfer of her property interests in neutral countries whether these property interests consisted of property directly owned or of securities representing an interest in such property.

5. If the interpretation placed upon Article 235 by my learned associates were correct nevertheless the Commission should not demand the delivery of neutral securities or other property the right to demand which was conferred by that Article, only, until it was known that the other payments required to be made by Germany under the Treaty and which Germany was entitled to claim as a credit on account of her obligation under Article 235 to pay 20,000,000,000 marks before 1st May, 1921, would not in fact aggregate that sum by that date; for if such payments equalled or exceeded that sum the Commission would not have power to demand payments in neutral securities or in other securities or property not deliverable under other

Articles of the Treaty. It does not seem that the credits referred to in Article 243 would constitute credits on account of the payment of 20,000,000,000 marks referred to in Article 235; but it is clear that she would be entitled to credit thereon payments made on account of the expenses of the Armies of Occupation, and the expenses of the supplies of food and raw materials essential to enable Germany to meet her obligations for reparations, and the last Clause of Article 235 providing that what she had done on account of the direct application of her economic resources to reparation as specified in Annexes III (Ships), IV (Commodities), V (Coal), and VI (Dyestuffs and Drugs), "shall be credited to her towards liquidation of obligations under the above Articles," implies that these payments in kind shall also be credited.

Until the amount of all of the foregoing credits had been determined, the Reparation Commission could not with safety require the delivery of any substantial values in neutral securities or other securities which it had no right to demand except to make up the payment of 20,000,000,000 marks. As the expenses of the Armies of Occupation could not be ascertained before 1st May, 1921, and as many of the other items of credit could not be computed for a long time, it is not perceived how the Commission could know at this time what amount of neutral securities (or other securities not deliverable except to make up any deficit in the 20,000,000,000 marks payment) it had the right under Article 235 to demand the delivery of.

6. In the course of the opinion of my learned associates their following remarks require comment.

At page 2, they say:

> "In the first place nowhere is there found a stipulation specifying a payment in gold and paragraph 2 of Annex III concerning the delivery of certain ships stipulates that these ships must be delivered within two months of the coming into force of the Treaty. It is not perceived how this stipulation can be reconciled with the provision of Article 235 that until 1921 the payment of the 20 milliards can be required to be made in ships."

In reply to the above I beg to remark that:

(*a*) No special stipulation that a promise to pay a sum of money in gold seems to me requisite, when the currency of all of the contracting parties is based on a gold standard. But Annex II, paragraph 12 (*a*) provides that "Whatever part of the full amount of the proved claims is not paid in gold, or in ships, securities and commodities or otherwise" shall be guaranteed by bonds, and these bonds are payable in gold.

(*b*) All of the ships deliverable under Annex III are not required to be delivered within two months. Germany agrees, in paragraph 5 of that Annex to build and deliver further ships, laying down in each year up to 200,000 gross tons.

At page 3, they say:

> "In the first place Article 236 and the Annexes applying its provisions, establish for Germany an obligation presented as perfectly distinct from the one contained in Article 235. The text says expressly that Germany 'further agrees.'"

I think that the above argument attaches an unwarranted significance to the expression "further." The obligation directly to apply her economic resources is, in a sense, a further obligation additional to her obligation to pay the cost of the Armies, etc., provided by Article 235.

But it does not follow that the power to determine in what instalments the 20 milliards shall be paid, whether in gold, ships, commodities, securities,

etc., authorised the exercise of that discretion on other ships, other commodities, other securities, or other property than those specified in the Annexes as subject to delivery to the Commission.

(Signed) HUGH A. BAYNE.

20th January, 1920.

SUPPLEMENTAL MEMORANDUM ON THE RIGHT OF THE REPARATION COMMISSION, UNDER ARTICLE 235, TO DEMAND PAYMENTS IN "NEUTRAL SECURITIES" BELONGING TO GERMAN NATIONALS.

1. My dissenting opinion of 20th January was written in response to a draft of the opinion of the majority which was afterwards modified in one or two slight particulars.

Therefore, with the final draft of the majority's opinion before me I beg to add the following observations:

The majority consider that the assurance given to Germany that "The Allied and Associated Powers have abstained from demanding the transfer of German property and interests in neutral countries" would not be contravened by a demand of the Commission, under Article 235, that the 20 milliards of marks be paid by the transfer of neutral securities of that value, because, they say, in effect, that to require the transfer of neutral securities (of the value of 20 milliards of marks) would be different from requiring payment of 20 milliards of marks by requiring the transfer of such securities of that value. I fail to see the above distinction, nor the similar distinction they seek to make between the requirement of Article 236 that the Germans shall deliver certain ships, commodities and property, to be credited at their value on account of her reparation obligation, and the requirement of Article 235 that they shall pay a certain sum of her reparation obligation by the delivery of certain ships, commodities and property specified by the Commission, of the value of the sum required. Whether specified in Article 236 or specified by the Commission, under Article 235, the requirement that Germany shall transfer the property specified is identical in effect, and the assurance of the above note that no such transfer is required by the Treaty would be illusory if, by an interpretation of Article 235, such transfer could be demanded.

2. In my original memorandum, paragraph 6 (*a*), I quoted from the draft opinion of my associates as follows: "In the first place nowhere is there found a stipulation specifying a payment in gold," etc. To quote correctly the final opinion of my associates the word "specie" should be added after the word "gold." In this connection it is to be noted that the Reply of the Allied and Associated Powers, above referred to (Part IX, Financial Clauses, paragraph 13) contained the following: "13. The obligation to pay in specie cannot be interpreted as an obligation to pay in actual gold."

(Signed) HUGH A. BAYNE.

28th January, 1920.

APPENDIX VI.

ANNEX I TO PART VIII OF THE TREATY OF VERSAILLES.

Compensation may be claimed from Germany under Article 232 above in respect of the total damage under the following categories:

(1) Damage to injured persons and to surviving dependents by personal injury or death of civilians caused by acts of war, including bombardments or other attacks on land, on sea, or from the air, and all the direct consequences thereof, and of all operations of war by the two groups of belligerents wherever arising.

(2) Damage caused by Germany or her allies to civilian victims of acts of cruelty, violence or maltreatment (including injuries to life or health as a consequence of imprisonment, deportation, internment or evacuation, of exposure at sea or of being forced to labour), wherever arising, and to the surviving dependents of such victims.

(3) Damage caused by Germany or her allies in their own territory or in occupied or invaded territory to civilian victims of all acts injurious to health or capacity to work, or to honour, as well as to the surviving dependents of such victims.

(4) Damage caused by any kind of maltreatment of prisoners of war.

(5) As damage caused to the peoples of the Allied and Associated Powers, all pensions and compensation in the nature of pensions to naval and military victims of war (including members of the air force), whether mutilated, wounded, sick or invalided, and to the dependents of such victims, the amount due to the Allied and Associated Governments being calculated for each of them as being the capitalised cost of such pensions and compensation at the date of the coming into force of the present Treaty, on the basis of the scales in force in France at such date.

(6) The cost of assistance by the Governments of the Allied and Associated Powers to prisoners of war and to their families and dependents.

(7) Allowances by the Governments of the Allied and Associated Powers to the families and dependents of mobilised persons or persons serving with the forces, the amount due to them for each calendar year in which hostilities occurred being calculated for each Government on the basis of the average scale for such payments in force in France during that year.

(8) Damage caused to civilians by being forced by Germany or her allies to labour without just remuneration.

(9) Damage in respect of all property wherever situated belonging to any of the Allied or Associated States or their nationals with the exception of naval and military works or materials, which has been carried off, seized, injured or destroyed by the acts of Germany or her allies on land, on sea or from the air, or damage directly in consequence of hostilities or of any operations of war.

(10) Damage in the form of levies, fines and other similar exactions imposed by Germany or her allies upon the civilian population.

APPENDIX VII.

ESTIMATE OF CLAIMS SUBMITTED BY THE ALLIED AND ASSOCIATED POWERS UP TO FEBRUARY 12, 1921.

	FRANCE.	BRITISH EMPIRE.	ITALY.	BELGIUM.	JAPAN.	SERB-CROATE SLOVENE STATE.	ROUMANIA.	PORTUGAL.	GREECE.	BRAZIL.	CZECHO-SLOVAKIA.	SIAM.	BOLIVIA.	PERU.	HAITI.
DAMAGE TO PROPERTY.	French francs. Replacement value.	Pounds sterling.	Lire. Replacement value.	Belgian francs. Replacement value.	Yen.	Dinars (1914 value).	Gold francs.	Gold Contos.	Gold francs.	Pounds sterling.		Gold marks (1914 value).	Pounds sterling.		
A. Industrial damage	38,882,521,479		1,541,185,000	8,316,686,125		1,931,240,000					By the war: 6,994,228,096 francs.			150,000 francs. (1914 value).	
B. Damage to property built upon	36,892,500,000		6,810,729,000			513,000,000									
C. Damage to furniture	25,119,500,000		5,101,185,000			802,576,000				1,072,293	5,614,947,990 Czecho-Slovak crowns.				
D. Damage to property not built upon	21,671,546,225	7,936,456	5,995,833,500	21,357,252,974	850,000	3,727,610,000		1,774,907	1,883,182,542	598,406 francs.			12,000		
E. Damage to State property	1,958,217,193						9,734,013,287				By Bolshevic invasion: 618,204,007 francs.	8,061,453			152,593 francs.
F. Damage to public works	2,583,299,425		1,484,615,000			534,165,000									
G. Other damage	2,359,865,000										1,448,169,845 Czecho-Slovak crowns.				
Shipping losses	5,009,618,722	763,000,000	128,000,000 pounds sterling (approx.).	184,708,250	297,593,000	112,500,000		32,307	623,075,000	900,974				56,236 pounds sterling.	
Inland navigation		4,000,000							5,782,000						
Special:															
Algeria and Colonies	10,710,000														
Abroad	2,094,825,000	24,940,559													
5 0/0 interest on the principal (33 milliards in round figures from November 11th, 1918 to May 1st, 1921, that is, 30 months in round figures).	4,125,000,000														
DAMAGE TO PERSONS.															
A. Military pensions and compensation of the same nature (Paragraph 5, Annex I).	60,045,696,000	1,706,800,000	31,041,000,000 francs.	1,637,285,512 French francs.	70,294,000	13,211,251,715 francs.	9,296,663,076	12,100	697,741,434	16,000		124,018	4,000		180,000 francs. 20,000 dollars.
B. Allowances to families of mobilised persons (Paragraph 7, Annex I).	12,936,956,824	7,597,832,086 francs.	6,885,130,395 francs.	737,930,484 French francs.	454,063,000	873,688,620 francs.	416,703,847	1,436	497,007,763			935,857			
Civilians (Paragraphs 1, 2, 3, 4, 6, 8, 10, Annex I):															
a) Pensions granted to civilian victims of the war and their dependents (Paragraph 1).	514,465,000			496,131,000		3,721,514,992 francs.									
b) Maltreatment of civilians and prisoners of war (Paragraphs 2, 3	1,869,230,000				9,974,000	944,850,000 francs.						82,638			200,000 francs. 60,000

APPENDIX VII.

TE OF CLAIMS SUBMITTED BY THE ALLIED AND ASSOCIATED POWERS UP TO FEBRUARY 12, 1921.

	ITALY.	BELGIUM.	JAPAN.	SERB-CROATE SLOVENE STATE.	ROUMANIA.	PORTUGAL.	GREECE.	BRAZIL.	CZECHO-SLOVAKIA.	SIAM.	BOLIVIA.	PERU.	HAITI.	CUBA.	LIBERIA.	POLAND.	EUROPEAN DANUBE COMMISSION.
ing.	Lire.	Belgian francs.	Yen.	Dinars (1914 value).	Gold francs.	Gold Contos.	Gold francs.	Pounds sterling.		Gold marks (1914 value).	Pounds sterling.			Dollars.	Dollars.	Gold francs.	
	Replacement value.	Replacement value.															
	1,541,185,000	8,316,686,125		1,931,240,000					By the war: 6,994,228,096 francs.			150,000 francs. (1914 value).					
	6,810,729,000			513,000,000													
	5,101,185,000			802,576,000				1,072,293	5,614,947,990 Czecho-Slovak crowns.								
456	5,995,833,500	21,357,252,974	850,000	3,727,610,000		1,774,907	1,883,182,542	598,406 francs.	By Bolshevic invasion: 618,204,007 francs.		12,000				1,345,435	12,094,438,780 gold francs.	1,834,800 gold francs.
				.....	9,734,013,287					8,061,453			152,593 francs.	285,135		500,000,000 gold marks.	
	1,484,615,000			534,165,000					1,448,169,845 Czecho-Slovak crowns.								
000	128,000,000 pounds sterling (approx.).	184,708,250	297,593,000	112,590,000		32,307	623,075,000	900,974	.....	.....	.....	56,236 pounds sterling.	.....	.....	116,000		
000	.....	.....	.....		.....	.....	5,782,000										
559																	
													180,000 francs.				
000	31,041,000,000 francs.	1,637,285,512 French francs.	70,294,000	13,211,251,715 francs.	9,296,663,076	12,100	607,741,434	16,000	.....	124,018	4,000	.....	20,000 dollars.	516,000	115,000		
086	6,885,130,395 francs.	737,930,484 French francs.	454,063,000	873,688,620 francs.	416,703,847	1,436	497,007,763	.....	.....	935,857							
			.....	3,721,514,992 francs.			.....	.....	.....		.....	.....					488,851 lei.
		496,131,000														9,818,830,960 gold francs.	15,048 French francs.
													200,000				

Algeria and Colonies	10,[illegible]														
Abroad	2,094,825,000	24,940,559													
5 0.0 interest on the principal (33 milliards in round figures from November 11th, 1918 to May 1st, 1921, that is, 30 months in round figures).	4,125,000,000														
DAMAGE TO PERSONS.															
A. Military pensions and compensation of the same nature (Paragraph 5, Annex I).	60,045,696,000	1,706,800,000	31,041,000,000 francs.	1,637,285,512 French francs.	70,294,000	13,211,251,715 francs.	9,296,663,076	12,100	697,741,434	16,000	.....	124,018	4,000	.....	180,0 fran
B. Allowances to families of mobilised persons (Paragraph 7, Annex I).	12,936,956,824	7,597,832,086 francs.	6,885,130,395 francs.	737,930,484 French francs.	454,063,000	873,688,620 francs.	416,703,847	1,436	497,007,763	.....	.....	935,857			20,0 dolla
Civilians (Paragraphs 1, 2, 3, 4, 6, 8, 10, Annex I):															
a) Pensions granted to civilian victims of the war and their dependents (Paragraph 1).	514,465,000			496,131,000	.....	3,721,514,992 francs.			.....	.....	.....		.....	.....	
b) Maltreatment of civilians and prisoners of war (Paragraphs 2, 3 and 4).	1,869,230,000	36,030,360	12,153,289,000		9,974,000	944,850,000 francs.			.....	.....	.....	82,638	.....	.....	200,0 fran
c) Assistance to prisoners of war and their families (Paragraph 6)..	976,906,000			350,332,652	.....	268,394,785 francs.	11,652,019,978	123,511	1,286,000,000	.....	.....		.....	.....	60,0 dolla
d) Insufficiency of wages (Paragraph 8).....	223,123,313			144,000,000	.....	200,000,000 francs.			.....	925	.....		.....	.....	
e) Exactions imposed by Germany upon the civilian population (Paragraph 10).	1,267,615,939			3,305,534,802	.....	875,000,000 dinars.			.....	.....	.....		.....	.....	
	218,541,596,120 francs.	2,542,707,375 pounds sterling.	33,086,836,000 lire.	34,154,645,803 Belgian francs.	832,774,000 yen.	8,496,091,000 dinars (1914 value).	31,099,400,188 gold francs.	1,944,261 contos.	4,992,788,739 gold francs.	598,406 francs.	7,612,432,103 francs.	9,203,966 gold marks (1914 value).	16,000 pounds sterling.	56,236 pounds sterling.	80,0 dolla
Grand totals.....		7,597,832,086 francs.	37,926,130,395 francs. 128,000,000 pounds.	2,375,215,996 French francs.		19,219,700,112 francs.				1,990,192 pounds sterling.	7,063,117,835 crowns.			150,000 francs.	532,5 fran

REMARKS.

ITALY. — 1. Italy has excluded from her valuation, damages relating to her newly-redeemed provinces.

2. Paragraphs A, B, C, D, E, F, under damage to property compared with those of France should be considered as a whole and not separately, especially in regard to industrial damage and damage to public works; France has included her railways under industrial damage, and Italy under damage to public works.

3. The figure given for damage to civilians is subject to agreement in regard to general principles.

JAPAN. — 1 gold mark = 0,478 yen.

BRAZIL. — 1) £ 303,018 are included under shipping losses for insurance of vessels and cargoes; 2) £ 1,071,839 for loss of profit through dispossession, and £ 454 for confiscation at Berlin of goods belonging to a Brazilian citizen are included under damage to property.

SIAM. — The claims do not include 924,948 gold marks, also claimed by Siam, representing the cost of the Siamese De[illegible] to 10,128,914 gold marks.

SERB-CROAT-SLOVENE STATE. — 1 dinar = 1 gold franc.

CZECHO-SLOVAKIA. — Estimate in taking 2/8/14 as the date upon which Czecho-Slovakia entered the war.

LIBERIA. — 1,326,635 dollars claimed by Liberia for loss of customs duties are included under damage to property.

H.M. Stationery Office Press Kingsway W.C.2.

24,940.559																	
1,706,800,000	31,041,000,000 francs.	1,637,285,512 French francs.	70,294,000	13,211,251,715 francs.	9,296,663,076	12,100	697,741,434	16,000	.....	124,018	4,000	.....	180,000 francs. 20,000 dollars.	516,000	115,000		
7,597,832,086 francs.	6,885,130,395 francs.	737,930,484 French francs.	454,063,000	873,688,620 francs.	416,703,847	1,436	497,007,763	.....	.....	935,857							
		496,131,000	.....	3,721,514,992 francs.			.....	.....	.....		.....	.....					488,851 lei.
36,030,360	12,153,289,000		9,974,000	944,850,000 francs.	11,652,019,978	123,511	1,286,000,000	.....	.....	82,638	.....	.....	200,000 francs. 60,000 dollars.		2,400,707	9,818,830,960 gold francs.	15,048 French francs.
		350,332,652	.....	268,394,785 francs.			.....	.....	.....		.....	.....					
		144,000,000	.....	200,000,000 francs.			.....	925	.....		.....	.....					
		3,305,534,802	.....	875,000,000 dinars.			.....	.....	.....								
2,542,707,375 pounds sterling.	33,086,836,000 lire.	34,154,645,803 Belgian francs.	832,774,000 yen.	8,496,091,000 dinars (1914 value).	31,099,400,188 gold francs.	1,944,261 contos.	4,992,788,739 gold francs.	598,406 francs.	7,612,432,103 francs.	9,203,966 gold marks (1914 value).	16,000 pounds sterling.	56,236 pounds sterling.	80,000 dollars.	801,135 dollars.	3,977,142 dollars.	21,913,269,740 gold francs.	1,834,800 gold francs.
7,597,832,086 francs.	37,926,130,395 francs.	2,375,215,996 French francs.		19,219,700,112 francs.				1,990,192 pounds sterling.	7,063,117,835 crowns.			150,000 francs.	532,593 francs.			500,000,000 gold marks.	15,048 French francs.
	128,000,000 pounds.																488,851 lei.

REMARKS.

g to her newly-redeemed provinces.

with those of France should be considered as a whole and not separately, especially in regard to industrial damage and damage to public
taly under damage to public works.

regard to general principles.

urance (1) vessels and cargoes; 2) £ 1,071,839 for loss of profit through dispossession, and £ 454 for confiscation at Berlin of goods

SIAM. — The claims do not include 924,948 gold marks, also claimed by Siam, representing the cost of the Siamese Detachment of occupation, which consequently raises the grand total to 10,128,914 gold marks.

SERB-CROAT-SLOVENE STATE. — 1 dinar = 1 gold franc.

CZECHO-SLOVAKIA. — Estimate in taking 2/8/14 as the date upon which Czecho-Slovakia entered the war.

LIBERIA. — 1,326,635 dollars claimed by Liberia for loss of customs duties are included under damage to property.

Pc 12062/594 Im. P 2285. D.1157 1150. 8/23.

APPENDIX VIII.

LIST OF SECURITIES TRANSFERRED BY GERMANY TO THE REPARATION COMMISSION IN EXECUTION OF ARTICLE 260 OF THE TREATY OF VERSAILLES.

Name of Company.	Nominal Capital transferred to Reparation Commission.			
	Number by class of security.			Total nominal amount transferred.
	Ordinary Shares.	Preference Shares.	Dividend Scrip.	
	AUSTRIA.			
Elektrizitätswerk Wels	2,500	—	—	Cr. 500,000
Tramway und Elektrizitätsgesellschaft Linz Urfahr	—	2,903	—	Cr. 2,609,600
Oesterreichische Gasbeleuchtungs Gesellschaft ...	258 @ Cr. 525	—	—	Cr. 135,450
Wiener Gasindustrie Gesellschaft	307	—	—	Cr. 61,400
Erste Donau Dampfschifffahrtsgesellschaft ...	792 and 10 half shares.	—	457	Cr. 836,870
Wiener Städtische Strassenbahn	1,723	8,525(A) 4,764(B)	800	Cr. 6,004,800
Salzburger Eisenbahn und Tramway Gesellschaft ...	1,886	—	33	Cr. 754,400
Grazer Tramwaygesellschaft	3,513	—	1,486	Cr. 1,405,200
Lokalbahn Innsbruck Hall	15	...	—	Cr. 15,000
Innsbrucker Mittelgebirgsbahn	—	15 @ Cr. 2,000 9 @ Cr. 400	—	Cr. 33,600
Steiermärkische Elektrizitätsgesellschaft	50	—	—	Cr. 20,000
Waagtal Bahn (bought out by the Hungarian Government in 1891; now belongs to the Crecho-Slovak State).	15 @ Cr. 400	62 @ Cr. 600	—	Cr. 43,200
Gaisbergbahn-Salzburg	722 @ Cr. 400 67 @ Cr. 200 48 @ Cr. 100	168 @ Cr. 400 76 @ Cr. 200	—	Cr. 389,400

Name of Company.	Nominal Capital transferred to Reparation Commission.			
	Number by class of security.			Total nominal amount transferred.
	Ordinary Shares.	Preference Shares.	Dividend Scrip.	
AUSTRIA—*continued.*				
Kahlenberg Eisenbahn Gesellschaft	1,466	—	—	Cr. 293,200
Graz Koeflacher Eisenbahn und Bergbaugesellschaft	5,730	—	27	Cr. 2,292,000
Raab Oedenburger Eisenbahn	25,674 @ Cr. 400	—	—	Cr. 10,269,600
Südbahn Gesellschaft	145,421	—	990	Cr. 72,710,500
Lemberg Czernovitz Jassy Eisenbahn	12,307	—	50	Cr. 4,922,800
Brunner Lokaleisenbahn Gesellschaft	405	—	—	Cr. 81,000
Lokalbahn Starchenbach Rocklitz	—	19,601	607	Cr. 3,920,200
Salzkammergut Lokalbahn Aktiengesellschaft ...	4,710	24,998	—	Cr. 11,883,200
Vereinigte Böhmerwald Lokalbahn	4 @ 80	—	—	Cr. 320
Vereinigte Elektrizitätsaktiengesellschaft Wien ...	62	—	—	Cr. 12,400
Welser Lokalbahn	—	—	1 founder's share.	Cr. 200
Gross Priesen Wernstadt Auscha Lokalbahn ...	—	3,549	—	Cr. 1,419,600
CHINA.				
Shanghai Nanking Eisenbahn...	—	—	36	—
DANZIG.				
Danziger Strassenbahn	—	4,288	—	4,288 000

Budapester Strasseneisenbahn Aktiengesellschaft ...		323	—	28	64,600
Donau Eipeltal Lokaleisenbahn Aktiengesellschaft		2,235	28,323	47	6,111,600
Barca Pakracer Eisenbahn Aktiengesellschaft ...	—		595	—	238,000
Honter Komitats Lokaleisenbahn Gesellschaft ...		390	—	—	78,000
Lonjatalbahn Aktiengesellschaft		270	—	—	108,000
Zsibo-Nagybanyaer Lokalbahn Aktiengesellschaft...		525	—	—	210,000
Losonczvideker Lokaleisenbahn Aktiengesellschaft		228	14,749	259	2,995,400
Oravicza Nemetbogsan Resiczabanyaer Lokal Aktiengesellschaft.		303	42,462	483	8,553,000
Budapester Gran Fuzitoer		7,845	103,282	3,997	22,225,400
Westungarische Lokaleisenbahn Aktiengesellschaft		4,990	199,646	6,600	40,927,200
Steinamanger Pinckafelder Lokaleisenbahn ...	—		7,916	53	1,583,200
Koeszthoelyvideker Lokalbahn	—		5,472	18	1,094,400
Biharer Lokalbahn		94	20,471	—	8,226,000
Fünfkirchen Barcser Eisenbahn		2,395	—	—	958,000
Kassa-Hegyaljoer Lokaleisenbahn		30	20,988	246	4,203,600
Temesvár Nagyszent Mikloser Lokaleisenbahn ...	—		14,094	—	2,818,800
Pécs Dolni Miholjacer Lokalbahn		800	9,186	—	1,997,200
Dräutalbahn (Kiskoszij-Bares)		825	58,436	—	11,852,400
Szamostalbahn	—		33	3	36,000
			plus 6 half shares.		
Kaschau Tornaer	—		41	—	16,400
Budapester Elektrische Stadtbahn Aktiengesellschaft		20	—	3	4,000
Temesvár Modoser Eisenbahn	—		15,399	445	3,079,800
Mátraköroser Lokalbahn		27	11,711	510	14,096,100
	plus 78/12.		plus 27/12.	plus 12/12.	
Szilagysager Lokalbahn	—		15,594	779	3,118,800
Maros Ludas Bistritzer Lokalbahn	69 @ Cr.	200	8,084	252	3,247,400
Hejasfalva Szekeler Eisenbahn	—		6,761	602	1,352,200
Czetnektaler Lokalbahn	—		7,449	278	1,489,800
Versecz Kubiner Lokalbahn	—		7,944	416	3,972,000
Raab Vesèprzm Dombrovar L.E.		2,147	67,398	2,560	13,909,000
Szabolczer Komitatsbahn	—		44,238	852	8 847,000
Debreczen-Fusenabony-Ohat Polgarer Eisenbahn ...	—		41,355	1,672	8,271,000
Szegedin-Nagykikinda-Nagy Becskerck Eisenbahn	9 @ 1,200 Cr.		6,340	198	7,627,000
	6 series A @ 1,200			plus 46/6	
	5/6 series A @ 200				

Name of Company.	Nominal Capital transferred to Reparation Commission.			
	Number by class of security.			Total nominal amount transferred.
	Ordinary Shares.	Preference Shares.	Dividend Scrip.	
HUNGARY—*continued.*				
Nograder Komitat Bahn	—	22,587	960	4,517,400
Pozsony Komáromer Eisenbahn	—	4,535 @ 1,200	113	5,445,400
		17/6 @ 200	plus 119/6	
Roszahegy Koritnyczaer Eisenbahn	350	8,722	109	1,814,400
Szatmar Nagybanya Eisenbahn	7	1,993	437	400,000
Arad Csanád Eisenbahn	15,013	39,691	2,663	10,940,800
Hemonna Takezanyer Vizmalbahn	25	—	—	5,000
Muranythaler Eisenbahn	50	12,866	—	2,583,200
Tisza Polgar Niregyházaer Lokalbahn	—	1,958 @ 200	157 whole shares	2,446,800
		5,138 @ 400	84 half shares	
Gyulafehervar Zalatnaer Lokalbahn...	—	9,350	—	1,870,000
Garamberzencze Levar Lokalbahn	—	10,419	—	4,167,600
Agram Sanobar Lokalbahn	244	—	—	48,800
Brasso Heromezeker Lokalbahn	—	17,299	2,106	6,919,600
Kaschau Oderberger Bahn	6,647	—	—	2,658,800
Nagy Tapolcza Bossany Eisenbahn	14	—	—	2,800
Torontaler Lokalbahn...	435	—	—	87,000
Zalathalbahn *	—	—	180	—
Ungarische Südost Lokalbahn	311	—	—	62,200
Bartfaer Eperjes Lokaleisenbahn	750	—	—	150,000
Reichenberg Gablonz Tannwalder	65 series A	472	—	218,800
	10 series B			
Slavonische Lokaleisenbahn	1,795 @ 400	27,855 @ 400	1,169	11,860,000
Békéser Lokalbahn*	—	—	59	—
Kiséjszállás Dúvavanya Gyomaer Eisenbahn* ...	—	—	69	—
Matraer Lokalbahn*	—	—	530	—

* These four companies have been been merged under the direction of the Matra-Koroser Lokalbahn.

Kisejszallas Duvavanya Gyomaer Eisenbahn ...	—	—	530	—	
Matraer Lokalbahn*					

* These four companies have been been merged under the direction of the Matra-Koroser Lokalbahn.

Poland.

Gas and electricity works at Konitz	—	—	—	500,000 Marks
Pützig-Krokow light railway	178 at 1,000 Mks. plus 380	—	—	178,000 plus 380,000 Marks
Culmsee-Melno light railway...	1,310 of 1,000	—	—	1,310,000 Marks
Hardenberg-Neuenburg light railway	86 / 172	—	—	86,000 plus 172,000 Marks
Posen Tramway Company (Posener Strassenbahn)	2,703 of 1,000	—	—	2,703,000 Marks
Kleinbahn Gesellschaft Thorn-Scharnau	—	631 plus 78 in 1 certificate of deposit.	—	631,000 and 78,000 Marks in 1 certificate of deposit.
Kleinbahn Gesellschaft Thorn-Leibitsch	190	—	—	190,000 Marks
Kleinbahn Zagonskowo-Neumark	—	546 plus 5 in 1 certificate of deposit.	—	5,000 Marks in 1 certificate of deposit and 546,000 Marks

Russia.

Moskauer Gesellschaft für elektrische Kraftübertragung Moskau.	—	—	—	2,100,000 R. in 1 certificate of deposit.
Russisch-Baltische Dampfschifffahrtsgesellschaft in Riga.	216	—	—	54,000 R.
Rigaer Strassenbahn	145 plus 176 in 1 certificate of deposit.	—	—	14,500 R. plus 1 certificate of deposit for 17,600 R.
Russische Südosteisenbahn Gesellschaft St. Petersburg.	56	—	4	7,000 R. plus 1 certificate of deposit for 6,250 R.
Kiewer Städtische Eisenbahn Gesellschaft	1	—	—	250 R.
Moskau Kasan Eisenbahn Gesellschaft	281	—	—	27,900 R.
Nördliche Donetzeisenbahngesellschaft (Nord Donetzeisenbahngesellschaft).	—	—	—	500 R. plus 2,000 R., 3,750 R. in 3 certificates of deposit.
Moskau Kiew Woronesh Eisenbahngesellschaft ...	449	—	80	£8,980 plus £200 in 1 certificate of deposit.
Rjäsan Koslow (Rjäsan Uralsk) Eisenbahn St. Petersburg.	12	—	9	£1,200

Name of Company.	Nominal Capital transferred to Reparation Commission.			
	Number by class of security.			Total nominal amount transferred.
	Ordinary Shares.	Preference Shares.	Dividend Scrip.	
	RUSSIA—*continued.*			
Wladikaukas Eisenbahngesellschaft St. Petersburg	—	—	—	7,500 R. in 1 certificate of deposit.
Gesellschaft der livländischen Ausfuhrbahnen in Walk.	5	—	—	500 R.
Rybinsk (Moskau-Windau-Rybinsk) Eisenbahn Gesellschaft.	36	—	1	3,600 R.
Baltische Eisenbahn Gesellschaft	—	—	59 plus 4 in 1 certificate of deposit.	625 R.
Rjasek (Rjask) Wiasma Eisenbahn	—	—	4	—
North East Ural Railway	—	—	—	27,000 R. in 1 certificate of deposit.
Altai Railway	—	—	—	72,000 R. in 1 certificate of deposit.
Arys Werny Railway	—	—	—	48,440 R. in 1 certificate of deposit.
Donetz Eisenbahn Gesellschaft (repurchased by the State in 1893).	—	—	130 in 1 certificate of deposit.	—
Petersburger Gesellschaft für elektrische Beleuchtung (1888).	16,834 of 500 R. plus 5 talons in 1 letter of deposit. 202 plus 7,710 new in 28 letters of deposit.	5,808 plus 30 in certificate of deposit.	—	15,294,500 R.

Kiewer Elektrizitätsgesellschaft	23,808 of 250 R. in 1 letter of credit plus 192 of 250 R. in 1 letter of deposit.	—	—		6,000,000 R.
Dampschiffsgesellschaft A. G. Augsburg in Riga	37 provisional certificates in 1 certificate of deposit.	—	—		—
Moskau Brest Eisenbahn Gesellschaft	—	—		99	—
West Ural Railway (Bardiauch-Lisva)	5 in 1 certificate of deposit.	—	—		—
Petersburger Gas Beleuchtungsgesellschaft (gegr. im Jahre 1835).	30 in 2 letters of deposit.	—	—		—
SCHLESWIG.					
Apenrader Electrizitäts Werke	1	—	—		1,000 Mks.
TURKEY.					
Hafengesellschaft Haider Pascha	Certificates of deposit; 40 fully paid up; 110 — 25 % paid up.	—	—		—
Scutari-Kadikeny Water Company	470 plus certificates of deposit: 175.	—	—		270,250
Bagdadbahn	13,510.—50 % paid up.	—	—		6,755,000 of which 3,377,500 paid up.
Mersina Tarsus Adana Eisenbahn	10 certificates of deposit.	—	—		—
Ottoman Joint Stock Co. of Upper Bosphorus Docks and Shipyards.	800	—		210	200,000 of which 100,000 paid up.
Damas Hamah Eisenbahn	Certificates of deposit: 402.	—	—		—

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Name of Company.	Nominal Capital transferred to Reparation Commission.			
	Number by class of security.			Total nominal amount transferred.
	Ordinary Shares.	Preference Shares.	Dividend Scrip.	
	TURKEY—*continued.*			
Orientalische Eisenbahn Betriebsgesellschaft ...	Certificates of deposit for 100 shares plus 18,597.	—	—	9,348,500
Anatolische Eisenbahn Gesellschaft	2,866 released of 100 % plus 23 in 1 certificate of deposit, 16,745 released, of 60 % with certificates of of deposit, 129 released, of 60 % & 23 of 100 %.	—	117 released of 100 %. 833 released of 60 % plus 1 released, of 100 % in 1 certificate of session.	3,409,500 404,000
Concession to the East Europe Telegraph Co. at Cologne for the cable from Constanza to Constantinople.	—	—	—	Delivered.
Konzession zu Gunsten der Firma Lanz für Bau und Betrieb einer elektrischen Eisenbahn von Galata über Taxim bis zu Rosumel Foner.	—	—	—	Delivered.

APPENDIX IX.

GENERAL PROTOCOL (A) OF RESTITUTION.

(ARTICLE 238.)

ARTICLE 1.

The onus of and the responsibility for restitution must be entirely borne by Germany under the terms of Article 238 of the Treaty of Versailles.

ARTICLE 2.

Restitution, in accordance with Article 238 of the Treaty of Versailles, shall be carried out in accordance with the procedure laid down by the Reparation Commission, and *inter alia* with the provisions of the present Protocol which may later be supplemented and amended by the Reparation Commission.

ARTICLE 3.

In the present Protocol, the word "things" means animals, articles, species, securities, and generally any object to which Article 238 applies. The letters "O.R.C.W." mean the Office of the Reparation Commission at Wiesbaden. The expression "the O.R.C.W. or its mandatories" includes the O.R.C.W. and any person duly designated by name by the O.R.C.W.

ARTICLE 4.

Upon receiving notification of the present Protocol, the German Government shall establish a special organ charged with the execution of all the restitutions referred to in Article 238. This body shall be solely and entirely responsible vis-à-vis the O.R.C.W. in regard to restitution.

The German organ for restitution organisation shall have a seat (Siège) at Frankfort, where there shall be permanently one or several authorised representatives of this organ, empowered to deal, in the name of this organ, with all questions relating to restitution. The seat at Frankfort shall include a sufficient number of interpreters to make it possible to conduct all conversations or communications, whether written, verbal, or telephonic, in French. A considerable proportion of the staff shall also be able to speak French correctly.

The seat (Siège) at Frankfort shall be empowered to receive authoritatively communications made to the German Government on all matters relating to restitution. All written, verbal, or telephonic communications between the German organ for restitution and the O.R.C.W. or its mandatories shall take place officially in French.

Similarly, the German Government undertakes to create local organs distributed over German territory, corresponding with those that may be created or approved by the O.R.C.W.

These local organs shall be created by the German Government on the request of the O.R.C.W.

The German Government, however, shall have the right to submit its observations on the creation of these organs, and the O.R.C.W. shall give no decision until it has heard the mandatories of the German Government

within a period fixed by the O.R.C.W. for each particular case. In particular the Office shall have the right to authorise the creation of Allied organs in any place it may deem fit, and to agree that the corresponding German organ shall not be stationed in exactly the same place.

The German Office shall:

(*a*) Deliver on the first demand of the O.R.C.W. all complete lists and all documents (or authenticated copies thereof) relating to things to be restored which are in Germany. If the O.R.C.W. so request, these lists, documents or copies shall be furnished to it in the order indicated by it.

(*b*) Deliver to the O.R.C.W. within a period which shall be fixed by that office and which shall in no case exceed eight weeks from the coming into force of each special Protocol, all lists and all inventories in existence, relating to such things to be restored within the meaning of this Protocol, as may have been sent out of the present territory of Germany.

(*c*) Call for, if necessary, any declarations from agents who were concerned by reason of their duties, with things to which Article 238 applies.

(*d*) To place at the head of the local organs referred to above a responsible chief, with power to receive communications from the agents of the Services created (établis) or approved by the O.R.C.W. and, in urgent cases, to give immediate executive orders in the name of the German Government.

(*e*) In general comply without delay with all the methods of declarations, work, search, identification, loading, transport, reception, up-keep, etc., recommended to it by the O.R.C.W. or its mandatories, it being here explained that the O.R.C.W. has no intention of modifying the present arrangements except to the extent it may deem suitable.

Further, the German organ for restitution shall correspond exclusively with the O.R.C.W. on all questions relating to Article 238, save for exceptions approved by the O.R.C.W.

The O.R.C.W. on its side shall draw up instructions for its mandatories, defining the conditions in which they shall communicate with the German authorities.

Article 5.

The German organ for restitution shall conform to the instructions of the O.R.C.W., or of its mandatories, in any matter affecting the execution of Article 238, particularly as regards acceptance, repair (remise en état) or temporary upkeep, dismantling (démontage) storage, transport, reinstallation (remontage), putting into working order, etc., and generally as regards any operation whatsoever designed to restore anything to which Article 238 applies to the conditions required by this Protocol.

Article 6.

On the request of the O.R.C.W. or its mandatories, and within five days thereof, the German organ for restitution shall instruct, or cause instructions to be sent to the German holders of a thing to be restored, to stop at once the use being made of the thing in Germany, and this use shall be effectively stopped at the first demand.

By an extension of the provisions of the German decree of the 28th March, 1919, as regards confiscation, the German Government shall be held directly responsible for the maintenance and good preservation of all things to be restored. The German Government is under the same obligations as regards things to be restored in the territory of Germany's allies, to the maximum extent compatible with International Treaties in force, and with the Peace Treaty concluded between the Allied and Associated Powers on the one hand and Germany and her allies on the other hand.

ARTICLE 7.

The German Government shall undertake and carry out with diligence all actions (démarches) or negotiations indicated by the O.R.C.W., or its mandatories, and calculated to facilitate or to cause the restitution of things to which Article 238 applies, which may have been sent out of the present territory of Germany.

ARTICLE 8.

In accordance with Article 241 of the Treaty of Peace, and with a view to ensuring the complete execution of the provisions of Article 238 of the present Protocol and of subsequent Protocols, the German Government shall, within three weeks from the notification of each special Protocol, take all such statutory steps (prendra les mesures réglementaires) as will, under adequate sanctions, compel all persons in Germany who are in possession, even temporary, of anything to which Article 238 applies, to furnish a return to the German Government.

When the German Government is unable to proceed thus by way of statutory rules (par voie réglementaire) it shall within the same period of three weeks as specified above, submit to the legislative body a Bill (projet de loi) having the same object, and which it formally undertakes to support. In particular the German Government shall take all steps necessary to carry out the requirement hereinafter mentioned as to investigations (perquisitions).

These measures, legislative or statutory (réglementaires) shall contain certain essential guarantees for the Allies, such as were provided with regard to industrial machinery under the German decree No. 26784 of 28th March, 1919.

In any case, these measures, legislative or statutory (réglementaires), must provide for obligatory returns as above mentioned, and these returns shall, on the first demand of the O.R.C.W., be furnished to it in the order and at the dates indicated by the O.R.C.W., it being clearly understood that on special request of the O.R.C.W., or its mandatories, to the Frankfort Office, the originals of such returns shall be furnished.

The German Government shall also, as soon as it is notified of the present Protocol, take all necessary measures to prohibit under adequate sanctions the sale, transfer, injury, destruction, or removal from German territory of anything to which Article 238 applies.

A preliminary understanding with the O.R.C.W. shall be reached in regard to all the legislative and statutory measures to which the present Article refers.

On each request of the O.R.C.W. or its mandatories the German Government shall make all possible investigations (perquisitions) as speedily as possible, having regard to the distances involved.

A mandatory of the O.R.C.W. shall accompany the German authorities in the course of the operations when the O.R.C.W. deems it necessary.

ARTICLE 9.

Definition of Restitution.

(1) The restitution of all things identified entails the return by Germany of the things to the places from which they were removed, seized or sequestrated, subject to the following modifications:

(*a*) Germany may in special cases substitute for the identified thing another thing of similar description and value, if it is agreed between the O.R.C.W. and the Frankfort Office that the restitution of the identified article is inadvisable for economic or other reasons.

(*b*) If Germany fails to deliver a thing which has already been indentified in German hands, or those of her allies, after the Armistice, she shall deliver by way of restitution to the country concerned another thing of similar description or value. The substituted thing must be submitted to the O.R.C.W. for agreement. Failing that, and if the O.R.C.W. approves, Germany shall pay the money value of such a thing unless she can satisfy the O.R.C.W. that she cannot be held responsible for failure to deliver.

(2) All things delivered under Article 238 shall be delivered in fair working order (animals in fair condition).

(3) Germany shall be responsible for the delivery of things restored by her under Article 238 to the place from which they were removed by her, in the condition agreed upon, free of all charges.

(4) In the case of substitution provided for by paragraph (1) *a* of the present Article, the thing substituted shall be treated in all respects as the thing originally liable to be restored.

ARTICLE 10.

Identification.

Identification shall be of such nature as to satisfy the O.R.C.W. that the thing in question is a thing to which Article 238 applies.

ARTICLE 11.

Delivery.

The German Government shall remain responsible in accordance with Article 9 (3) for any identified thing until a final receipt is given by the receiving country.

ARTICLE 12.

Expenses.

The expenses of restitution, including those of identification and supervision, shall fall on Germany and shall be paid by Germany to the O.R.C.W. on the demand of the latter.

When restitution is completed the Reparation Commission will consider whether and to what extent a part of the total sum paid by Germany for the expenses of identification and supervision shall be placed to Germany's credit on Reparation account.

ARTICLE 13.

Travelling Visits.

The O.R.C.W. shall supply its mandatories with passports issued by the competent national authority, and the German organ for restitution undertakes to do whatever is necessary to secure that all necessary papers are added to these passports in order that these mandatories may travel freely in the whole of Germany.

The German organ for restitution shall further make arrangements for the travelling, maintenance and sleeping accommodation of the mandatories of the O.R.C.W. which shall be satisfactory.

First-class railway accommodation shall be provided for the members of the O.R.C.W. and for the higher officials, and where sleeping-berths are available, they shall be reserved in priority for the members of the O.R.C.W. and for the higher officials only nominated by the O.R.C.W.

The Frankfort Office shall place at the immediate disposal of the O.R.C.W. any food tickets that may be asked for by the mandatories of the O.R.C.W.

Further, the German organ for restitution shall take the necessary steps to secure that a reasonable number of motor cars are put at the disposal of the mandatories of the O.R.C.W. upon receipt of eight days' notice from this Office.

ARTICLE 14.

The German Government shall give the Frankfort Office means and powers necessary to ensure the immediate fulfilment of the foregoing provisions.

The German Government shall, on German territory, provide the mandatories of the O.R.C.W. with all facilities for inquiry in all places where things liable to be restored may be found. It undertakes to supply the mandatories of the O.R.C.W. with all the information for which they may ask, particularly by the examination on the spot of such inventories of materials as may be specified in the special Protocols referred to in Article 17*a*, and to furnish them with any interpreters they may need.

The mandatories of the O.R.C.W. may apply to the nearest local German organisation for a special delegate to accompany them. The German organ for restitution may thus cause the mandatories of the O.R.C.W. to be accompanied in the course of their visits, but only on the condition that this right of the German Government shall not cause any delay; otherwise the mandatories of the O.R.C.W. shall be free to act independently.

ARTICLE 15.

Transport.

(*a*) On the demand of the O.R.C.W. after the hearing of the German Government or its mandatories, there shall be organised parks or depots with shelters and transhipping facilities (matériel de transbordement) for the things to be restored in places chosen by the O.R.C.W., and generally the German Government shall take all measures necessary for the maintenance of these parks and depots, and their suitable equipment (aménagement) with a view to the proper performance of the services they have to assure.

(*b*) Transport shall be settled by agreement with the O.R.C.W. or its mandatories, and shall be carried out by the German Government in suitable German rolling-stock, loaded to the gauge of the receiving country, which shall be returned as soon as possible.

The transport and the maintenance of the things restored shall be at the charge of Germany up to the destination.

ARTICLE 16.

Disputes.

All disputes shall be submitted to the O.R.C.W., but no such dispute shall be a reason for delaying the work of restitution or the payments to be made; the O.R.C.W. shall fix a time limit within which the Germans may supply a statement of their objections, and shall then adjudicate on the objections submitted. If the statement is not delivered within the prescribed period, the O.R.C.W. shall nevertheless adjudicate.

ARTICLE 17.

(*a*) The present Protocol contains the general principles of the procedure provided for by Article 238 of the Peace Treaty; in so far as, and in proportion as it is supplemented by special Protocols for each category of thing, the present Protocol and one or more of the special Protocols relating to a special category, when read together, shall constitute the procedure for that category.

(*b*) No provision of the present Protocol, or of any supplementary Protocol, or of any measure passed in pursuance thereof, shall be deemed to imply any variation (apporter une novation), or modification of Article 238 of the Peace Treaty.

(*c*) The Armistice procedure shall remain in force for each category of things until the new procedure has been fixed in accordance with subsection (*a*) above, and notification thereof has been made to the Frankfort Office by the O.R.C.W.

APPENDIX X.

TABLE OF RESTITUTION BY GERMANY SINCE THE ARMISTICE TO THE DIFFERENT ALLIED POWERS ON SEPTEMBER, 1, 1922, UNDER THE ARMISTICE, THE R.C. PROTOCOLS OR SUBSTITUTION CONTRACTS.

—	Industrial Material.		Agricultural Material.	Approximate value of Bonds, Cash, Works of Art, and Furniture.		Livestock.	Stationary Railway Material Despatched.	Railway Rolling Stock.		River Craft.
	Identified.	No. of Tons Despatched.		Identified.	Value of Property Despatched.			Identified.	Despatched.	
	T.	T.								
France ...	273,840,350	200,822,150	1,762 machines, 2,000 wagons. 209,644 tools.	24,488,000 French francs (1914).	23,937,000 French francs (1914).	23,161 horses, 2,399 mules and asses, 3,345 cattle, 4,888 sheep.	1,286 tons	11 engines, 15,682 trucks.	11 engines, 15,646 trucks.	—
Belgium...	94,857,580	90,817	714 machines	Cash, 1,700,000,000 p.m. Bonds, 16,706,000 paper Belgian francs. Works of Art, 2,103,000 francs (1914).	Cash, 1,700,000,000 p.m. Bonds, 16,706,000 paper Belgian francs. Works of Art, 2,103,000 francs. (1914).	6,917 horses, 54 cattle.	526 tons	417 engines, 34,910 trucks.	417 engines, 34,801 trucks.	40 Bayern barges, 41,936 tons; 3 Schooner tank barges, 1,475 tons.
Italy ...	67,195	27,980	—	—	—	8,503 horses, 1,021 heifers.	—	302 trucks	286 trucks	—
Poland ...	4,324,579	3,664	—	—	—	12,408 horses	—	8 engines 1,000 trucks.	8 engines, 1,450 trucks.	—
Roumania	90	73	—	5,361,650 paper francs.	4,890,100 paper francs.	4,522 horses	—	22 engines, 3,884 trucks	22 engines. 3,579 trucks	2 barges, 1,200 tons.
Serb-Croat Slovene State.	143 tons 1 steam engine.	—	26 machines identified.	66,635 paper dinars, 12,900 paper levas.	66,635 paper dinars, 12,900 paper levas.	—	—	10 engines, 409 trucks, 7 tenders.	358 trucks	—
Great Britain.	5,615	5,615	—	59,000 paper Belgian francs, and 503 cases of of miscellaneous goods.	—	—	—	—	—	17 Draghorn barges, 26,253 tons; 1 Draghorn tug, 600 h.p.

APPENDIX XI.

NOMINAL LIST OF MERCHANT SHIPS CEDED BY GERMANY IN ACCORDANCE WITH ANNEX III OF PART VIII OF THE TREATY OF VERSAILLES.

Explanatory Notes.

(i) 3rd Column.—The vessels in Class I—Steamers of a speed of 12 knots or more.
" " " II—Steamers of a speed of less than 12 knots.
" " " III—Sailing vessels.
" " " IV—Fishing vessels.
The ceded ships were arranged in the above-named classes for purposes of the scheme of division of ex-enemy tonnage among the Allies.

(ii) 3rd Column.—The vessels in Type A are Passenger vessels—"Monsters" and fast vessels of special types.
" " " B " Passenger vessels, properly so-called.
" " " C " Passenger vessels, mixed, *i.e.*, intermediate vessels,
" " " D " Cargo liners of 2,000 G.T. and over.
" " " E " Tramps of 2,000 G.T. and over.
" " " F " Smaller cargo boats, *i.e.*, cargo liners and tramps of under 2,000 G.T.
" " " G " Fishing vessels.
" " " H " Sailing vessels.
" " marked M " Miscellaneous vessels, which cannot be included in any of the foregoing types.
The ceded ships were arranged in the above-mentioned types for purposes of calculating the debits to the Allies in accordance with the Spa Agreement.

(iii) Only definitely deliverable ships are mentioned in the alphabetical list immediately following, but particulars of the German ships of which the status is still doubtful are given at the end of this list.

(iv) Where more than one Power is indicated as the recipient of a particular vessel in the column "Allotment for final ownership" in the list below, the vessel was allotted by the Reparation Commission to the Power first mentioned and then transferred to the Power or Powers next mentioned by Inter-Allied agreement.

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
1.	Abessinia	5,753	I—D	*3.9.21	Britain ...	29.7.21
2.	Adeline Hugo Stinnes	2,709	II—E	4.10.19	Belgium ...	10.9.20
3.	Adler	1,304	II—F	23.9.20	Britain ...	18.11.20
4.	Admiral Pohl	245	IV—G	13.6.21	Belgium ...	23.7.21
5.	Admiral Souchon ...	237	IV—G	12.8.20	Britain ...	18.11.20
6.	Admiral von Schroder	245	IV—G	2.8.20	Britain ...	18.11.20
7.	Adolf Vinnen	3,410	III—H	20.10.20	Italy ...	30.8 20
8.	Adolf Woermann ...	6,257	I—C	29.5.19	Britain ...	18.11.20
9.	Agnes	125	IV—G	15.1.19	Britain ...	16.6.21
10.	Albert Killing	2,523	II—E	4.10.19	Belgium ...	10.9 20
11.	Albertus Vinnen ...	1,777	III—H	24.9.20	France ...	30.8.20
12.	Alda	6,706	II—E	30.9.19	Britain ...	10.9.20
13.	Alexander Isenberg ...	1,822	III—H	23.5.21	Britain ...	27.5.21
14.	Alexandra	1,118	II—C	29.6.20	Britain ...	10.9.20
15.	Alexandra Woermann ...	3,828	I—C	26.3.19	Britain ...	10.9.20
16.	Alma	2,863	II—E	5.4.19	Greece ...	5.10.20
17.	Almeria	4,606	II—D	17.6.19	Britain ...	18.11.20
18.	Alsen	1,250	II—F	10.6.21	Britain ...	21.6.21
19.	Alster	3,619	II—E	26.3.19	Britain ...	18.11.20
20.	Altenburg	6,742	I—D	5.4.19	France ...	10.9.20
21.	Altenfels	7,470	I—D	29.3.19	Britain ...	10.9.20
22	Altmark...	4,492	I—D	5.4.19	Britain ...	14.2.21

* Wrecked 3.9.21 during voyage of delivery.

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
23.	Altona	1,776	II—F	5.5.20	Belgium ...	29.7.21
24.	Amasis	7,224	II—D	13.6.21	Britain ...	21.6.21
25.	Ammon	7,233	I—D	10.6.19	Britain ...	10.9.20
26.	Angermanelfven ...	1,076	II—F	2.8.20	Britain ...	18.11.20
27.	Anghin	1,613	II—F	8.9.19	Britain ...	18.11.20
28.	Anhalt	6,580	I—D	16.9.19	Britain ...	10.9.20
29.	Anna Dorette Boog ...	1,767	II—F	10.7.19	Britain ...	10.9.20
30.	Anna Kayser	1,666	II—F	16.6.20	Britain ...	13.6.21
31.	Anni	2,675	II—E	6.4.19	Britain ...	18.11.20
32.	Ansgir	6,488	I—	*23.6.20	Britain ...	29.7.21
33.	Answald	5,401	II—D	18.12.19	Britain ...	10.9.20
34.	Antonina	4,010	I—D	2.9.21	Britain ...	16.6.21
35.	Antwerpen	3,080	II—E	5.4.19	Britain ...	10.9.20
36.	Apenrade	257	IV—G	12.7.20	Britain ...	10.9.20
37.	Arabia	4,668	II—D	30.4 19	Britain ...	10.9.20
					Belgium ...	30.11.20
38.	Aragonia	5,172	II—E	4.4.19	Britain ...	29.7.21
					France ...	29.7.21
39.	Arensburg	4,257	II—E	1.4.19	Britain ...	10.9.20
40.	Argonaut	225	IV—G	15.1.19	Britain ...	16.6.21
41.	Arnold	1,196	II—F	21.6.20	Britain ...	10.9.20
					Belgium ..	17.11.20
42.	Arsterturm	5,035	II—D	29.9.19	Britain ...	10.9.20
43.	Arta	2,338	II—E	6.5.20	Britain ...	13.6.21
44.	Artemisia	5,840	II—D	29.3.19	Britain ...	18.11.20
45.	Arucas	2,056	II—E	21.6.19	France ...	10.9.20
46.	Aschenburg	6,394	II—D	31.3.19	Britain ...	18.11.20
47.	Asgard	4,181	II—E	13.9.19	Greece ...	5.10.20
48.	Assuan	4,793	II—E	21.6.19	Britain ...	29.7.21
					France ...	29.7.21
49.	Atta	2,720	II—E	4.4.19	Britain ...	13.6.21
50.	Atto	5,169	I—D	3.5.19	Britain ...	18.11.20
51.	Augsburg	8,112	II—D	1.4.19	Britain ...	10.9.20
52.	August Wilke	2,766	II—E	6.9.19	Greece ...	5.10.20
53.	Austria	2,939	II—E	5.4.19	Britain ...	10.9.20
54.	Babylon	2,489	II—E	29.7.20	Greece ...	5.10.20
55.	Badenia	6,930	II—D	31.8.19	Britain ...	10.9.20
56.	Bagdad	2,364	II—E	16.11.20	Britain ...	18.11.20
57.	Bahia Castillo	9,949	I—C	22.5.19	Britain ..	10.9.20
58.	Bahrenfeld	3,648	II—E	6.12.21	Britain ...	29.7.21
59.	Barmen	1,523	II—F	28.6.20	Britain ...	29.7.21
					France ...	29.7.21
					Belgium ...	29.7.21
60.	Barmen	1,035	II—F	25.6.20	Britain ...	10.9.20
					Belgium ...	19.10.20
61.	Barthold Vinnen ...	2,460	III—H	13.7.21	Greece ...	27.5.21
62.	Batavia	11,515	II—C	23.1.19	Britain ...	29.7.21
					France ...	29.7.21
63.	Belgrano	4,792	II—E	5.6.19	Britain ...	29.7.21
					France ...	29.7.21
64.	Belgravia	6,648	II—D	1.4.19	Britain ...	29.7.21
					France ...	29.7.21
65.	Bellona	1,041	II—F	22.7.21	Britain ...	16.6.21
66.	Berengar	4,849	II—D	12.6.22	Britain ...	29.7.21
67.	Berlin	17,324	I—B	13.12.19	Britain ...	10.9.20
68.	Bermuda	7,027	II—D	29.3.19	Britain ...	18.11.20
69.	Beizdorf	2,135	II—E	10.4.21	Britain ...	19.5.21
70.	Bielefeld	4,460	II—E	28.4.20	Japan ...	10.9.20

* Lost after delivery whilst under British management.

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
71.	Bingen	1,221	II—F	22.6.20	Britain ...	18.11.20
72.	Bismarck	56,551	I—A	7.4.22	Britain ...	10.9.20
73.	Blankensee	1,609	III—H	18.5.21	Italy ..	29.7.21
74.	Bonn	1,522	II—F	14.7.20	Britain ...	18.11.20
75.	Bosnia	9,683	I—D	27.5.20	Britain ...	10.9.20
76.	Bosporus	4,185	II—E	4.4.19	Britain ...	10.9.20
77.	Brandenburg	7,532	I—C	6.5.19	Britain ...	10.9.20
78.	Brandenburg	2,198	II—E	5.6.19	Britain ...	10.9.20
79.	Brasilia...	6,585	II—D	28.5.19	France ...	10.9.20
80.	Bremen	11,540	I—B	3.4.19	Britain ...	10.9.20
81.	Bremen	1,620	II—F	10.9.19	Belgium ...	10.9.20
82.	Bremen	1,525	II—F	22.6.19	France ...	10.9.20
83.	Brietzig	1,517	II—F	13.2.22	Britain ...	26.5.22
84.	Brilliant	1,441	II—F	13.3.22	Britain ...	29.7.21
85.	Brisgravia	6,550	II—D	3.4.19	France ...	10.9.20
86.	Britannia	2,305	II—E	14.6.20	Greece ...	5.10.20
87.	Brook	1,514	II—F	13.7.20	Britain ...	10.9.20
88.	Buenos Aires	9,768	I—C	20.1.19	Britain ...	29.7.21
					France ...	29.7.21
89.	Bunneman	251	IV—G	6.7.20	France ...	1.12.20
90.	Burgermeister	5,945	I—C	22.1.19	France ...	10.9.20
91.	Burgermeister Schroder	5,831	II—D	23.3.19	Britain ...	10.9.20
92.	Burgermeister von Melle	4,496	II—E	27.3.19	Britain	29.7.21
					France ...	29.7.21
93.	Bylgia	2,037	II—E	10.6.20	Greece ...	5.10.20
94.	Caesar	1,892	II—F	30..19	Britain ...	29.7.21
					France ...	29.7.21
95.	Cap Arcona	9,832	I—B	31.5.19	France ...	10.9.20
96.	Cap Finisterre	14,503	I—B	11.4.19	Japan ...	10.9.20
97.	Cap Ortegal	7,819	I—B	25.5.19	France ...	10.9.20
98.	Cap Polonio	20,597	I—A	15.4.19	Britain ...	18.11.20
99.	Capri	1,828	II—F	27.4.21	Britain ...	19.5.21
100.	Cap Verde	5,909	I—C	24.5.19	Britain ...	10.9.20
101.	Carl	2 266	III—H	13.7.21	Britain ...	21.6.21
102.	Carla	2,282	III—H	1.7.21	Britain ...	27.5.21
103.	Caroline Hemsoth ...	2.284	II—E	23.6.20	Britain ...	13.6.21
104.	Cassel	7,642	I—D	20.8.19	Britain ...	18.11.20
					France ...	18.11.20
105.	Ceuta	1,738	II—F	23.9.20	Britain ...	18.11.20
106.	Chemnitz	7,542	I—C	17.4.19	Britain ...	10.9.20
107.	Chow Fa	1,646	II—F	23.8.19	Britain ...	10.9.20
108.	Christel Vinnen ...	3,076	III—H	24.9 20	Italy ...	30.8.20
109.	Christian Horn ...	2,672	II—E	8.4.19	Britain ...	29.7.21
					France ...	29.7.21
110.	Clara Bluemenfeld ...	2,331	I—E	6.8.19	Belgium ...	18.11.20
111.	Clara Zelck	2,105	II—E	12.5.20	Britain ...	18.11.20
					Italy ...	24.3.21
					Belgium ...	24.3.21
112.	Clare Hugo Stinnes ...	4,984	II—E	29.3.19	Britain ...	10.9.20
113.	Claus	1,925	III—H	24.9.20	France ...	30.8.20
114.	Claus Horn	4,174	II—E	19.5.19	Britain ...	18.11.20
115.	Cleopatra	1,215	II—F	22.6.20	Britain ...	10.9.20
116.	Coln	1,143	II—F	25.6.20	Britain ...	18.11.20
117.	Columbus	33,525	I—A	14.1.22	Britain ...	29.7.21
118.	Commercial	1,407	II—F	5.7.20	Britain ...	18.11.20
119.	Cordoba	4,889	II—D	*28.3.19	Britain ...	18.11.20
120.	Cressida	1,212	II—F	8.7.20	Britain ...	18.11.20
121.	Crostafels	4,945	II—D	29.3.19	Britain ...	18.11.20

* Lost May, 1920.

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
122.	D.A.D.G. 76	6,037	I—D	18.6.20	Britain ...	18.11.20
123.	Dania	3,898	II—C	11.5.19	Britain ...	18.11.20
124.	Danzig	2,977	II—E	30.5.21	Britain ...	13.6.21
125.	Danzig	251	IV—G	13.7.20	France ...	1.12.20
126.	Delia	1,225	II—F	30.6.20	Britain ...	10.9.20
127.	Delia	1,224	II—F	22.7.21	Britain ...	16.6.21
128.	Delos	2,214	II—E	13.11.19	Britain ...	18.11.20
129.	Delta	2,775	II—E	10.5.19	Britain ...	20.12.21
130.	Desdemona	1,225	II—F	25.6.20	Britain ...	18.11.20
131.	Dessau	6,719	I—D	13.4.19	Britain ...	18.11.20
132.	Derindje	4,086	II—E	11.4.19	Britain ...	13.6.21
133.	Dora	2,662	II—E	22.6.19	Britain ...	19.5.21
134.	Drachenfels	7,002	II—D	11.11.19	Britain ...	10.9.20
135.	Dr. Adolf Schmidt ...	2,247	II—E	11.7.19	Britain ...	29.7.21
					France ...	29.7.21
136.	Duala	3,511	II—E	9.6.19	Britain ...	29.7.21
					France ...	29.7.21
137.	Dusseldorf	5,877	II—D	8.5.19	Britain ...	14.2.21
138.	Edea	2,486	II—E	25.7.19	Belgium ...	10.9.20
139.	Edmund	3,076	III—H	20.5.21	France ...	21.6.21
140.	Edmund Hugo Stinnes	2,713	II—E	8.6.19	Britain ...	10.9.20
141.	Eduard Woermann ...	5,609	I—C	26.3.19	Britain ...	10.9.20
142.	Egon	3,091	III—H	20.10.20	Italy ...	30.8.20
143.	Ehrenfels	4,450	II—D	7.4.19	Britain ...	10.9.20
					Belgium ...	3.1.21
144.	Eichsfeld	4,552	II—E	4.4.19	Greece ...	5.10.20
145.	Eider	1,038	II—F	28.10.20	Britain ...	18.11.20
146.	Elbe	3,632	II—E	4.4.19	Britain ...	10.9.20
147.	Elberfeld	1,037	II—F	26.7.21	Britain ...	29.7.21
148.	Elbing	4,884	I—D	23.4.19	Britain ...	18.11.20
149.	Elisabeth	2,038	II—E	2.7.21	Britain ...	6.7.21
150.	Elisabeth Brock ...	3,679	II—E	5.7.19	Britain ...	29.7.21
					France ...	29.7.21
151.	El Kab	6,118	I—D	28.6.19	Britain ...	29.7.21
					France ...	29.7.21
152.	Elmshorn	254	IV—G	2.9.20	Britain ...	10.9.20
153.	Elsfleth	254	IV—G	23.7.20	Britain ...	18.11.20
154.	Elwine Koppen ...	2,050	II—E	22.7.20	Britain ...	10.9.20
155.	Emden	5,746	II—D	24.9.19	Britain ...	10.9.20
156.	Emil Georg von Stauss	4,969	II—M	25.2.21	Britain and Roumania jointly.	29.7.21
157.	Emmi Arp	2,767	II—E	8.5.19	Britain ...	29.7.21
					France ...	29.7.21
158.	Erfurt	7,853	I—D	5.4.19	Britain ...	10.9.20
					Belgium ...	29.10.20
159.	Eric Petersen	1,942	II—F	12.7.19	Britain ...	10.9.20
160.	Erika	2,666	II—E	1.5.19	Britain ...	19.5.21
161.	Ernst Hugo Stinnes ...	1,751	II—F	9.6.20	Britain ...	18.11.20
162.	Eskimo	3,326	I—B	15.1.19	Britain ...	19.7.21
163.	Etha Rickmers ...	4,101	II—E	12.5.19	Britain ...	10.9.20
164.	Euphemia	2,742	II—E	8.5.19	Britain ...	29.7.21
					France ...	29.7.21
165.	Falkenberg	1,434	II—F	26.6.20	Britain ...	29.7.21
					France ...	29.7.21
166.	Falkenfels	8,322	II—D	29.3.19	Britain ...	10.9.20
167.	Fangturm	4,933	II—E	21.6.19	Britain ...	29.7.21
					France ...	29.7.21
					Belgium ...	2.9.21

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
168.	Fink	1,459	II—F	12.7.20	Britain ...	10.9.20
169.	Florenz	1,826	II—F	30.8.20	Britain ...	18.11.20
170.	Flottbek	1,961	III—H	12.6.21	France ...	21.6.21
171.	Forsetti	248	IV—G	23.8.20	Belgium ...	18.11.20
172.	Forst	5,858	I—D	27.7.19	Britain ...	10.9.20
173.	Frankenwald	3,898	I—E	14.6.19	France ...	1.12.20
174.	Frankfurt	7,431	I—C	7.4.19	Britain ...	10.9.20
175.	Franz Dahl	2,205	II—E	24.6.20	Britain ...	10.9.20
176.	Franziska	5,129	II—D	3.4.19	Britain ...	10.9.20
177.	Franz Wilke	3,916	II—E	11.5.19	Britain ...	10.9.20
178.	Freiberg...	5,811	II—E	22.7.19	Britain ...	10.9.20
179.	Fremantle	5,872	II—D	30.5.19	Britain ...	29.7.21
					France ...	29.7.21
180.	Frieda Fahrenheim ...	2,072	II—E	17.8.20	Britain ...	10.9.20
181.	Frieda Horn	2,956	II—E	7.4.19	Britain ...	29.7.21
					France ...	29.7.21
182.	Friedrichsruh	8,332	I—C	2.4.19	Britain ...	18.11.20
183.	Friesland	10,800	I—D	6.7.20	Britain ...	18.11.20
184.	Fritz	3,083	I—D	13.11.19	Britain ...	10.9.20
185.	Furst Bulow	7,638	II—D	30.3.19	Britain ...	10.9.20
186.	Gallipoli	4,177	II—E	4.4.19	Britain ...	10.9.20
187.	Ganelon	5,586	II—D	19.5.19	Britain ...	18.11.20
188.	Geheimrat Schutte ...	226	IV—G	23.6.20	Britain ...	18.11.20
189.	Geierfels	7,490	I—D	2.7.20	Britain ...	10.9.20
190.	General	8,063	I—C	7.2.19	Britain ...	29.7.21
					France ...	29.7.21
191.	Genua	2,911	I—E	29.3.19	France ...	1.12.20
192.	George Mahn	1,081	II—F	29.6.21	Britain ...	6.7.21
193.	Georg Hoffmann ...	250	IV—G	13.7.20	France ...	10.9.20
194.	Georg Rhode	262	IV—G	8.8.20	Britain ...	18.11.20
195.	Gera	7,847	II—D	4.4.19	Britain ...	10.9.20
196.	Gerfried...	5,268	II—E	2.4.19	Britain ...	10.9.20
197.	Germania	1,933	II—F	16.6.20	Britain ...	18.11.20
198.	Gertrud	5,091	II—E	2.4.19	Britain ...	10.9.20
199.	Giessen	6,964	II—C	1.4.19	Britain ...	18.11.20
200.	Glencarse	188	IV—G	15.1.19	Britain ...	16.6.21
201.	Gluckstadt	1,918	III—H	5.6.21	France ...	21.6.21
202.	Goeben	8,800	I—C	5 6.19	France ...	10.9.20
203.	Goldbutt	260	IV—G	2.8.20	Britain ...	18.11.20
204.	Goldenfels	7,438	II—D	30.9.19	Britain ...	18.11.20
205.	Graf Bothmer	226	IV—G	22.6.20	Britain ...	18.11.20
206.	Graf Luckner	224	IV—G	21.6.20	Britain ...	10.9.20
207.	Graf Waldersee ...	13,193	I—B	28.3.19	Britain ...	10.9.20
208.	Graf Zeppelin	262	IV—G	22.6.20	Britain ...	18.11.20
209.	Granada	5,144	II—D	21.4.22	Britain ...	29.7.21
210.	Grasbrook	246	IV—G	12.7.20	Britain ...	18.11.20
211.	Gravenstein	257	IV—G	6.7.20	France ...	10.9.20
212.	Greif	1,165	II—F	6.8.21	Britain ...	29.7.21
213.	Greiffenfels	5,852	II—D	8.4.19	Britain ...	10.9.20
					Belgium ...	15.10.20
214.	Gross Admiral von Tirpitz.	238	IV—G	23.7.20	Britain ...	10.9.20
215.	Grossherzog Friedrich August.	1,560	III—H	30.8.20	Britain ...	25.11.20
216.	Grossherzog von Oldenburg.	2,691	II—M	3.9.19	Britain ...	29.7.21
					Italy ...	29.7.21
217.	Gudrun	4,183	II—E	2.4.19	Britain ...	10.9.20
218.	Gundomar	3,786	II—E	3.4.19	Britain ...	13.6.21
219.	Gustav	2,259	II—E	5.6.19	Britain ...	10.9.20
220.	Gustav	2,718	III—H	12.6.21	France ...	29.6.21

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
221.	Habsburg	6,437	I—D	22.9.20	Britain ...	18.11.20
222.	Hagen	4,210	II—D	18.8.19	Greece ...	5.10.20
223.	Haimon	4,924	II—D	6.9.19	Britain ...	10.9.20
224.	Hamburg	3,077	II—E	4.4.19	Britain ...	10.9.20
225.	Hanau	4,213	I—D	7.5.19	Britain ...	18.11.20
226.	Hannover	7,305	I—C	25.8.19	Britain ...	10.9.20
227.	Hans	3,102	III—H	20.10.20	Britain ..	30.8 20
228.	Hansa	1,909	III—H	24.12.20	Britain ...	30.8.20
229.	Hans Wilhelm Hemsoth.	4,081	II—E	3.7.19	Britain ...	10.9.20
230.	Haparanda	1,005	II—F	16.8.21	Britain ...	29.7.21
231.	Harald	1,866	II—F	27.8.20	Britain ...	18.11.20
232.	Harvestehude	2,840	II—E	10.5.19	Britain ...	10.9.20
233.	Harvestehude	2,182	III—H	20.10.20	France ...	30.8.20
234.	Hebe	3,035	II—E	3.4.19	Britain ...	10.9.20
235.	Hedwig Heidmann ...	2,084	II—E	8.7.19	Britain ...	10.9.20
236.	Heilbronn	8,037	II—D	1.4.19	Britain ...	18.11.20
237.	Heilbutt	260	IV—G	12 7.20	Britain ...	10.9.20
238.	Heinrich Hugo Stinnes	1,563	II—F	8.7.20	Britain ...	10.9.20
239.	Heinz Blumberg ...	1,822	II—F	13.2.22	Britain ...	26.5.22
240.	Helene	2,097	II—E	21.7.21	Britain ...	22.7.21
241.	Helene Blumenfeld ...	2,115	II—F	12.6.21	Britain ...	21.6.21
242.	Helene Hugo Stinnes ...	1,735	I—E	24.4.20	Britain ...	10.9.20
243.	Heluan	7,246	I—C	26.3.19	Britain ...	10.9.20
244.	Hellwig Vinnen ...	3,100	III—H	20.10.20	France ...	30.8.20
245.	Henriette	3,072	III—H	4.7 21	Italy ...	29.7.21
246.	Henry Horn	1,287	II—F	21.8.21	Britain ...	29.7.21
247.	Herbert	2,183	III—H	28.5.21	France ...	29.7.21
248.	Herbert Horn	2,315	II—E	23.9.20	Britain ...	19.5.21
249.	Hercules	1,255	II—F	16.6.19	Britain ...	29.7.21
					France ...	29.7.21
250.	Hermann Sauber ...	2,916	II—E	28.5.19	Britain ...	18.11.20
251.	Hermes	1,180	II—F	22.7.21	Britain ...	16.6.21
252.	Herold	1,363	II—F	29.7.20	Britain ...	10.9.20
253.	Hersfeld	4,487	II—D	20.5.19	Britain ...	18.11.20
254.	Herzogin Cecilie ...	3,242	III—H	5.6.21	France ...	21.6.21
255.	Herzogin Sophie Charlotte.	2,498	III—H	21.4.21	Britain ...	27.5.21
256.	Herzog Johann Albrecht	1,129	II—F	25.6.20	Britain ...	10.9.20
					Belgium ...	21.10.20
257.	H. Hackfeld	2.324	III—H	11.6.21	Italy ...	29.7.21
258.	Hilda	4,173	II—E	25.6.19	Britain ...	16 9.21
259.	Hilde Hugo Stinnes ...	1,669	II—F	9.7.19	Britain ...	10.9.20
260.	Hoerde	5,265	II—E	9.10.19	Britain ...	10.9.20
261.	Hohenfels	5,329	II—D	22.7.20	Britain ...	10.9.20
262.	Holger	5,555	II—E	16.12.21	Britain ...	29.7.21
263.	Hollandia	3,133	II—E	5.4.19	Britain ...	29.7.21
					France ..	29.7.21
264.	Holsatia	1,820	II—F	4.5.20	Britain ...	18.11.20
265.	Horncap	3,461	II—E	30.3.19	Britain ...	10.9.20
266.	Hornfels	3,417	II—E	6.4.19	Britain ...	10.9.20
267.	Hornsee	2,702	II—E	4.4.19	Britain ...	10.9.20
268.	Horus	173	IV—G	15.1.19	Britain ...	16.6.21
269.	Huberfels	5,814	II—D	4.6.19	Britain ...	18.11.20
270.	Ibecuby	4,294	I—D	3.11.20	Britain ...	18.11.20
271.	Ida Zelck	2,774	II—E	7.1.20	Britain ...	13.6.21
272.	Illyria	4,281	II—E	31.5.19	Britain ...	14.2.21
273.	Ilmenau	2,614	II—E	9.8.19	Britain ...	10.9.20
274.	Imkenturm	5,004	II—D	12.8.19	Britain ...	10.9.20
275.	Imperator	51,969	I—A	5.5.19	Britain ...	10.9.20
276.	Imperator	1,079	I—C	5.5.19	France ...	29.7.21

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
277.	Ina Blumenthal ...	2,229	II—E	11.5.20	Britain ...	13 6.21
278.	Ingo	3,682	II—E	28.7.19	Britain ..	29.7.21
279.	Irma Woermann ...	2,304	II—E	21.6.19	Britain ...	29.7.21
280.	Irmfried	2,765	II—E	17.7.19	Britain ...	29.7.21
281.	Irmgard...	3,816	I—D	13.4.19	Britain ...	10.9.20
282.	Isebek	2,374	III—H	24.9.20	France ...	30.8.20
283.	Iserlohn...	4,667	I—D	10.8.19	Britain ...	18.11.20
284.	Isis	8,833	II—D	12.4.19	Britain ...	18.11.20
285.	Island	3,208	II—E	7.12.21	Britain ...	29.7.21
286.	Isolde	1,530	II—F	19.7.21	Britain ...	22.7.21
287.	Itaiahy	4,155	II—D	26.3.19	Britain ...	18.11.20
288.	Itauri	7,228	I—D	25.5 19	Britain ...	10.9.20
					Belgium ...	13.10.20
289.	Izmir	1,832	II—F	1.8.19	Britain ...	13.6.21
290.	Java	7,676	II—D	27.3.19	Britain ...	29.7.21
					France ...	29.7.21
291.	Javary	4,198	II—D	17.7.19	Britain ...	18.11 20
292.	J. C. Vinnen	3.149	III—H	24.9.20	Britain ...	30.8.20
293.	Jenfeld	3,610	II—E	7.11.21	Britain ...	29.7.21
294.	Jenny	1,868	II—F	6.8.19	Britain ...	10.9.20
295.	Jersbek	2,871	III—H	10.6.21	France ...	21.6.21
296.	J. L. Lassen	2,053	II—E	3.12.19	Britain ...	19.5.21
297.	Joachim Zelck	2,192	II—E	13.7.19	Belgium ...	10.9.20
298.	Johanna Blumberg ...	2,917	II—E	10.5.20	Greece ...	5.10.20
299.	John Heidmann ...	2,380	II—E	11.6.19	Britain ...	10.9.20
300.	Julius Zelck	2,068	II—E	15.6.20	Belgium ...	29.7.21
301.	Kagera	5,617	I—D	30.3.19	Britain ...	29.7.21
					France ...	29.7.21
302.	Kaiser	1,916	I—C	23.8.20	Britain ...	18.11.20
303.	Kaiserin Augusta Victoria. ...	24,581	I—B	27.3.19	Britain ...	10.9.20
304.	Kalliope...	1,434	II—F	22.7.21	Britain ...	16.6.21
305.	Kandelfels	5,739	II—D	11.6.19	Britain ...	18.11.20
306.	Karl Leonhardt ...	3,129	II—E	13.4.19	Greece ...	5.10.20
307.	Karnak	7,044	I—D	13.1.22	Britain ...	29.7.21
308.	Karpathos	2,935	II—E	28.4.19	Britain ...	10.9.20
309.	Kattegat	238	IV—G	2.8.20	Britain ...	10.9.20
310.	Kerkyra...	2,564	II—E	2.7.19	Britain ...	10.9.20
311.	Kigoma	8,156	I—B	26.4.19	Britain ..	10.9.20
312.	Kleist	8,959	I—C	30 9.19	Japan ...	29.7.21
313.	Klio	1,463	II—F	16.6.19	Britain ...	29.7.21
					France ...	29.7.21
314.	Koldewey	236	IV—G	6.7.20	France ...	10.9.20
315.	Konig Friedrich August	9,462	I—B	31.3.19	Britain ...	10.9.20
316.	Konigin Luise	10,785	I—B	10.4.19	Britain ...	10.9.20
317.	Kosma	2,098	II—E	11.2.19	Britain ...	19.7.21
318.	Kribi	3,860	II—E	1.4.19	Britain	29.7.21
					France ...	29.7.21
319.	Kronenfels	8,135	II—D	25.3.19	Britain ...	10.9.20
320.	Kurland...	10,900	I—D	23.11.20	Britain ...	18.11.20
321.	Kurt Woermann ...	2,263	II—E	20.6.19	Britain	29.7.21
					France ...	29.7.21
322.	Kwong Eng	1,650	II—F	29.8.19	Britain ..	10.9.20
323.	Kybfels	5,049	II—D	29.3.19	Britain ...	10.9.20
					Belgium ...	5.1.21
324.	Kypros	2,210	II—E	30.8.20	Britain ...	18.11.20

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
325.	La Plata...	4,028	II—C	3.4.19	Britain ...	10.9.20
326.	Larache	1,798	II—F	22.6.19	France ...	1.12.20
327.	Lasbek	2,335	III—H	20.10.20	France ...	30.8.20
328.	Las Palmas	1,740	II—F	4.6.19	Britain ...	10.9.20
329.	Lavinia	1,049	II—F	23.8.21	Britain ...	22 8.21
330.	Leni	1,978	III—H	15.6.21	Italy ...	29.7.21
331.	Lennep	4,972	I—D	12.8.19	Britain ...	18.11.20
332.	Liberia	3,931	II—D	1.5.19	Britain ...	14.2.21
					Italy ...	24.3.21
					Belgium ...	24.3.21
333.	Liguria	4,588	I—D	8.9.22	Britain ...	29.7.21
334.	Lili Woermann... ...	2,283	II—D	19.8.20	Britain ...	18.11.20
335.	Lippe	6,714	II—D	2.4.19	Britain ...	10.9.20
336.	Lipsos	3,979	II—E	18.6.19	Britain ...	18.11.20
337.	Lisbeth	2,453	III—H	25.6.21	France ...	29.7.21
338.	Lisboa	1,799	II—F	23.9.20	Britain ...	18.11.20
339.	Livingstone	1,005	II—F	7.12.21	Britain ...	29.7.21
340.	Lizzie	1,095	II—F	7.12.21	Britain ...	29.7.21
341.	Lizzy	2,728	II—E	25.5.19	Britain ...	10.9.20
342.	Loki	249	IV—G	7.7.20	France ...	1.12.20
343.	Lothar Bohlen	2,250	II—E	30.7.20	Britain ...	10.9.20
344.	Lotte Reith	1,489	II—F	25.7.21	Britain ...	16.6.21
345.	Louis Pasteur	1,747	III—H	13.4.21	Britain ...	27.5.21
346.	Löwanburg	4,657	II—E	16.7.21	Britain ...	22.7.21
347.	Lübeck	4,761	II—E	9.8.19	Britain ...	10.9.20
348.	Lübeck	4,642	II—E	5.6.19	Britain ...	18.11.20
349.	Lucie Woermann ...	4,630	I—C	29.3.19	Britain ...	10.9.20
					France ...	29.1.21
350.	Ludendorff	236	IV—G	8.8.20	Britain ...	18.11.20
351	Luise	3,385	II—E	9.5.19	Britain ...	29.7.21
					France ...	29.7.21
352.	Luise Horn	3,412	II—E	3.4.19	Britain ...	10.9.20
353.	Lulu Bohlen	3,159	II—E	17.7.19	Britain ...	29.7.21
					France ...	29.7.21
354.	Lüneburg	5,819	I—D	24.8.19	Britain ...	10.9.20
355.	Machew	1,600	II—F	29.8.19	Britain ...	13.6.21
356.	Maerker	251	IV—G	6.7.20	France ...	10.9.20
357.	Main	10,058	I—C	21.5.19	Britain ...	10.9.20
					France ...	30.6.21
358.	Magdalene Vinnen ...	3,350	III—H	8.6.21	Italy ...	29.7.21
359.	Malaga	2,912	II—E	1.4.19	France ...	1.12.20
360.	Malcolm	1,186	II—F	7.12.21	Britain ...	29.7.21
361.	Manila	1,790	II—F	28.8.19	Britain ...	10.9.20
362.	Mannheim	5,878	II—D	1.4.19	Britain ..	29.7.21
					France ...	29.7.21
363.	Marie	1,997	III—H	8.12.21	Italy ...	29.7.21
364.	Marie Reppel	3,746	II—E	12.7.20	Greece ...	5.10.20
365.	Marksburg	4,320	II—E	4.6 19	Britain ...	10.9.20
					Belgium ...	18.11.20
366.	Mars	2,558	II—E	10.10.19	Belgium ...	29.7.21
367.	Martha Russ	2,007	II—E	10.5.20	Britain ...	13.6.21
368.	Martha Woermann ...	2,284	II—D	24.9.20	Britain ...	18.11.20
369.	Masuria	3,470	II—E	20.4.19	Britain ...	10.9.20
370.	Mathilde	1,260	II—F	10.7.19	Britain ...	29.7.21
371.	Mecklenburg	3,461	II—D	16.5.19	Japan ...	17.2.21
372.	Mecklenburg	2,656	II—E	20.11.19	Britain ...	10.9.20
373.	Mecklenburg	2,228	II—E	11.5.20	Britain ...	18.11.20
374.	Meggie	1,802	II—F	4.1.19	Britain ...	19.7.21
375.	Meiningen	6,738	II—D	3.4.19	France ...	1.12.20
376.	Melilla	1,739	II—F	5.5.20	Britain ...	10.9.20
377.	Memphis	7,074	II—D	17.9.19	Britain ...	18.11.20

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
378.	Menes	7,057	I—D	6.10.19	France ...	10.9.20
379.	Meteor	3,613	I—A	21.5.19	Britain ...	10.9.20
380.	Mimi	1,984	III—H	19.6.21	France ...	21.6.21
381.	Mimi Horn	2,185	II—E	10.9.19	Britain ...	14.2 21
382.	Minerva	1,256	II—F	29.6.20	Belgium ...	29.7.21
383.	Minna Horn	3,431	II—E	24.6.19	Britain ...	10.9.20
384.	Mobile	16,960	I—B	26.3.19	Britain ...	10.9.20
385.	Montevideo	4,140	II—D	4.6.21	Britain ...	13.6.21
386.	Mozart	2,003	III—H	5.7.21	France ...	21.6.21
387.	Muansa	5,408	I—D	14.8.21	Britain ...	29.7.21
388.	Mühlhofen	2,135	II—E	26.12.20	Britain ...	18.11.20
389.	München	18,000	I—B	*Not yet delivered	Britain ...	1.12.20
390.	Münsterland	11,305	I—D	4.10.20	Britain ...	18.11.20
391.	Murwick	258	IV—G	23.7.20	Britain ...	10.9.20
392.	Naimes	5,332	II—D	3.4.19	Britain ...	10.9.20
393.	Nal	2,781	III—H	25.6.21	France ...	21.6.21
394.	Nauplia	3,966	II—D	28.8.21	Britain ...	29.7.21
395.	Negada	6,100	I—D	2.6.22	Britain ...	29.7.21
396.	Neidenfels	5,265	II—E	13.6.19	Britain ...	29.7 21
					France ...	29.7.21
397.	Nereide	1,805	III—H	24.5.21	France ...	21.6.21
398.	Nereus	1,817	III—H	10.6.21	Britain ...	27.5.21
399.	Nesa'a	1,775	III—H	14.6.21	France ...	29.7.21
400.	Nestor	1,420	II—F	21.6.19	Britain ...	29.7.21
					France ...	29.7.21
401.	Neumark	5,868	I—D	2.6.19	Britain ...	10.9.20
402.	Nienberg	7,853	I—D	12.8.19	Britain ...	10.9.20
403.	Niendorff	217	IV—G	12.7.20	Britain ...	10.9.20
404.	Ninive	4,591	II—D	28.9.19	Britain ...	18.11.20
405.	Niobe	2,061	III—H	27.5.21	Britain ...	27.5.21
406.	Nitokris	6,150	II—C	20.9.19	Britain ...	18.11.20
407.	Nogat	250	IV—G	13.7.20	Belgium ...	29.7.21
408.	Nora Hugo Stinnes ...	4,985	II—E	21.12.19	Britain ...	29.7.21
					France ...	29.7.21
409.	Nordmark	5,201	I—D	4.4.19	France ...	10 9.20
					Britain ...	16.2.21
410.	Normania	3,229	II—E	6.4.19	Japan ...	18.11.20
411.	Oceana	2,817	III—H	4.5.21	Italy ...	29.7.21
412.	Oehringen	3,390	II—E	15.4.19	Britain ...	18.11.20
413.	Offenbach	4,336	II—E	15.8.19	Britain ...	13.6.21
414.	Oldenburg	1,316	II—F	14.6.19	Britain ...	29.7.21
415.	Oliva	1,937	III—H	24.9.20	France ...	30.8.20
416.	Olympia	2,507	III—H	24.5.21	Italy ...	29.7.21
417.	Olympos	4,022	II—E	13.4.19	Britain ...	10.9.20
418.	Omaha	2,152	III—H	14.6 21	France ...	21.6.21
419.	Onda	2,630	III—H	21.5.21	France ...	21.6.21
420.	Ophelia	2,809	III—H	15.6.21	France ...	21.6.21
421.	Orconera	1,361	II—F	21.6.19	France ...	10.9.20
422.	Orissa	3,392	II—E	13.7.20	Britain ...	18.11.20
423.	Orotava	2,064	II—D	3.6.20	Britain ...	13.6.20
424.	Orotava	3,004	III—H	20.10.20	France ...	13.8.20
425.	Osiris	5,952	I—E	15.9.21	Britain ...	29.7.21
					Belguim ...	15 9.21
426.	Ostara	1.952	III—H	9.6.21	Italy ...	29.7.21
427.	Osterbek	1,605	III—H	13.5.21	Britain ...	27.5.21

* Expected to be delivered February, 1923.

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
428.	Ostmark	1,234	II—F	24.6.21	Britain ...	27.6.21
429.	Otavi	5,173	II—E	21.6.19	Britain ...	29.7.21
					France ...	29.7.21
430.	Otterndorff	238	IV—G	6.7.20	France ...	10.9.20
431.	Otto Hugo Stinnes ...	1,668	II—F	24.5.20	Britain ...	10.9.20
432.	Otto Kalthoff	2,507	II—E	19.8.19	Britain ...	10.9.20
433.	Pamir	3,020	III—H	19.2.21	Italy ...	30.8.20
434.	Pangani...	5,735	II—D	8.9.19	Britain ...	18.11.20
435.	Papenburg	236	IV—G	15.8.20	Britain ...	18.11.20
436.	Paria	6,025	I—D	30.7.20	Britain ...	18.11.20
437.	Parma	3,091	III—H	22.4.21	Britain ...	27.5.21
					Belgium ...	6.7.21
438.	Parnassos	3,985	II—E	8.5.19	France ...	10.9.20
439.	Parthia	3,928	II—E	6.8.20	Britain ...	18.11.20
440.	Passat	3,091	III—H	27.5.21	France ...	21.6.21
441.	Patagonia	3,016	I—D	26.7.22	Britain ...	29.7.21
442.	Patmos	1,907	II—F	19.8.19	Britain ...	10.9.20
443.	Patria	3,922	II—E	15.7.20	Britain ...	18.11 20
444.	Patricia	14,466	I—B	28.3.19	Britain ...	10.9.20
445.	Paul	2,069	III—H	18.12.20	France ...	30.8.20
446.	Pechelbronn	4,901	II—M	12.12.19	France ...	10.9.20
447.	Peiho	2,118	III—H	22.4.21	Britain ...	27.6.21
448.	Peking	3,100	III—H	9.5.21	Italy ...	29.7.21
449.	Pelikan	2,103	III—H	13.5.21	Britain ...	27.5.21
450.	Pendennis	2,123	II—E	15.1.19	Britain ...	19.7.21
451.	Penpol	2,061	II—E	15.1.19	Britain ...	19.7.21
452.	Pera	4,035	II—E	26.3.19	Britain ...	18.11.20
453.	Perim	1,971	III—H	14.6.21	Italy ...	29.7.21
454.	Peterhof	1,459	II—F	2.7.20	Britain ...	10.9.20
					Belgium ...	11.10.20
455.	Pinnau	3,079	II—E	25.5.19	Britain ...	10.9.20
456.	Pinnas	1,946	III—H	20.5.21	France ...	21.6.21
457.	Pinus	1,789	III—H	22.3.21	Italy ...	30.8.20
458.	Pionier	3,602	I—D	1.4.19	Britain ...	18.11.20
459.	Plauen	4,240	II—D	13.4.19	Britain ...	10.9.20
460.	Pola	3,104	III—H	9.10.20	France ...	30.8.20
461.	Polaria	3,925	II—E	30.7.20	Britain ...	18.11.20
462.	Pollux	1,799	II—F	19.10.21	Britain ...	29.7.21
463.	Pommern	2,423	III—H	15.6.21	Greece ...	29.7.21
464.	Pommern	2,182	II—E	15.6.20	Britain ...	18.11.20
465.	Porta	7,852	I—D	8.9.19	Britain ...	18.11.20
466.	Portia	1,189	II—F	10.8.21	Britain ...	29.7.21
467.	Portici	1,754	II—F	22.6.19	Britain ...	29.7.21
					France ...	29.7.21
468.	Potosi	4,026	III—H	24.9.20	France ...	30.8.20
469.	Pregel	260	IV—G	13.7.20	France ...	10.9.20
470.	Pretoria	13,234	I—C	23.3.19	Britain ...	10.9.20
471.	Preussen	7,997	I—D	22.9.19	Britain ...	10.9.20
472.	Prinz August Wilhelm*	4,733	II—D	12.9.19	Britain ...	18.11.20
473.	Prinzess Eitel Friedrich	1,566	III—H	9.8.20	France ...	25.11.20
474.	Prinzessin	6,387	I—B	28.3.19	Britain ...	10.9.20
					France ...	24.1.21
475.	Prinz Friedrich Wilhelm	17,082	I—B	30.3.19	Britain ...	10.9.20
476.	Prinz Rubertus ...	7,523	I—B	2.4.19	Britain ...	10.9.20
477.	Prinz Ludwig	9,687	I—B	31.3.19	Britain ...	10.9.20
478.	Prinzregent	6,375	I—C	9 6.19	France ...	1.12.20

* Originally reported salvable, but eventually abandoned as a wreck.

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership.	
					Power.	Date.
479.	Procida	3,002	II—E	5.4.19	Britain ...	29.7.21
					France ...	29.7.21
480.	Proximus	2,143	II—E	14.11.21	Britain ...	30.8.21
481.	Pungo	3 602	I—D	14.5.20	Britain ...	18.11.20
482.	Pyrgos	3,588	II—E	30.4.19	Britain ...	10.9.20
					Belgium ...	11.12.20
483.	Rabat	1,723	II—F	17.5.21	Britain ...	18.11.20
484.	Radames	4,756	II—D	13.9.21	Britain ...	29.7.21
485.	Raimund	6,783	II—D	1.4.19	Britain	29.7.21
					France ...	29.7.21
486.	Ramses	7,128	I—D	31.1.22	Britain ...	29.7.21
487.	Randulf Hansen ...	1,287	II—F	14.1.22	Britain ...	29.7.21
488.	Regina	2,662	II—E	26.3.19	Britain ...	19.5.21
489.	Reiherstieg	226	IV—G	2.8.20	Britain ...	10.9.20
490.	Reinbek	2,765	III—H	20.10.20	France ...	30.8.20
491.	Remscheid	8,039	II—D	3.4.19	France ...	10.9.20
492.	Rendsburg	4,639	II—D	1.4.19	France ...	10.9.20
493.	Rheinland	6,588	I—D	29.9.19	Britain ...	18.11.20
494.	Rhenania	4,116	II—E	11.4.19	Britain ...	13.6.21
495.	Rhodopis	6,575	I—D	7.2.22	Britain ...	29.7.21
496.	Rigel	1,983	III—H	3.5.21	Britain ...	27.5.21
497.	Riol	5,329	II—D	9.11.21	Britain ...	29.7.21
498.	Rio Negro	4,613	I—C	29.3.19	Britain ...	10.9.20
499.	Rio Pardo	4,621	I—C	25.3.19	Britain ...	10.9.20
500.	Roda	7,266	I—C	26.3.19	Britain ...	18.11.20
501.	Rom	2,083	II—E	29.7.20	Britain ...	10.9.20
502.	Roma	2,606	II—E	21.4.19	Britain ...	18.11.20
503.	Roon	8,174	I—B	5.8.19	Greece ...	5.10.20
504.	Rovuma	5,618	I—D	30.3.19	Britain ...	29.7.21
					France ...	29.7.21
505.	Royal	1,446	II—F	20.9.21	Britain ...	29,7.21
506.	Rudelsburg	6,173	I—D	30.3.19	Britain ...	10.9.20
507.	Rudolf	2,381	II—E	23.6.19	Britain ...	29.7.21
					France ...	29.7.21
508.	Rügen	1,894	I—C	17.5.21	Britain ...	18.11.20
509.	Rügia	6,598	I—C	20.5.19	Britain ..	10.9.20
510.	Sakkarah	4,677	II—E	28.6.19	Britain ...	18.11.20
511.	Santa Clara	5,485	II—D	12.11.21	Britain ...	29.7.21
512.	Santa Cruz	5,824	II—D	26.3.19	Britain ...	10.9.20
513.	Santa Elena	7,415	II—C	26.4.19	Britain ...	29.7.21
					France ...	29.7.21
514.	Santa Fe	5,356	II—D	26.6.19	Britain ...	18.11.20
515.	Santa Ines	5,199	II—D	14.10.21	Britain ...	29.7.21
516.	Santa Maria	7,401	II—D	6.4.22	Britain ...	29.7.21
517.	Santa Rita	5,650	II—D	8.3.22	Britain ...	29.7.21
518.	Santa Theresa	3,739	II—D	27.7.21	Britain ...	29,7.21
519.	Sauerland	10,800	I—D	22.7.20	Britain ...	10.9.20
520.	Sausenburg	3,109	II—E	12.4.19	Britain ...	18.11.20
521.	Sayn	2,461	II—E	25.10.20	Britain ...	18.11.20
522.	Scandia	4,506	II—D	16.10.19	Britain ..	18.11.20
523.	Scharnhorst	8,388	I—B	30.1.19	France ...	10.9.20
524.	Schildturm	5,107	II—D	6.6.19	Britain ...	18.11.20
525.	Schleswig	6,955	I—B	20.8.19	Britain ...	29.7.21
					France ...	29.7.21
526.	Schönfels	5,592	II—D	2.10.19	Britain ...	10.9.20
527.	Schulensee	1,339	II—F	5.7.20	Britain ...	18.11.20
528.	Schürbek	2,409	III—H	20.10.20	Italy ...	30.8.20
529	Schwaben	5,098	II—D	3.5.19	Britain ...	10.9.20
530.	Schwan	1.212	II—F	25.7.21	Britain ...	29.7.21

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
531.	Schwarzenfelde ...	3,837	II—E	30.5.19	Britain ...	10.9.20
532.	Schwarzenfels	8,325	II—D	29.3.19	Britain ...	10.9.20
533.	Schwinge	2,646	II—E	4.4.19	Britain ...	10.9.20
534.	Scotia	2,558	II—E	25.5.19	Britain ...	18.11 20
535.	Sebara	4,637	II—D	23.5.22	Britain ..	29 7.21
536.	Secunda	2,026	II—E	18.6.21	Britain ...	27.6.21
537.	Secundus	4,499	II—D	27.3.19	Britain ...	29.7.21
					France ...	29.7.21
538.	Seefahrer	2,191	III—H	9.6.21	Britain ...	21.6.21
539.	Seehase	261	IV—G	23.7.20	Britain ...	10.9.20
540.	Seeteufel	261	IV—G	13.7.20	France ...	1.12.20
541.	Senator Wessels ...	218	IV—G	2.8.20	Britain ...	18.11.20
542.	Sesostris	7,228	II—D	2.6.19	Britain ...	18.11.20
543.	Sevilla	5,156	II—D	30.3.22	Britain ...	29.7.21
544.	Siegen	1,033	II—F	29.6.20	Britain ...	29.7.21
					France ...	29.7.21
545.	Sieglinde	3,254	II—E	1.5.19	Britain ...	10.9.20
546.	Sierra Ventana ...	8.262	I—B	26.1.19	France ...	10.9.20
547.	Silesia	3,338	II—E	1.6.19	Britain ...	29.7.21
					France ...	29.7.21
548.	Sisak	4,608	II—D	28.6.22	Britain ...	29.7.21
549.	Sithonia	5,618	II—D	4.10.19	Britain ...	18.11.20
550.	Skjaereg	1,019	II—F	29.12.21	Britain ...	29.7.21
551.	Slavonia	4,551	II—D	1.4.19	Britain ...	29.7.21
					France ...	29.7.21
552.	Soderhamn	1,499	II—F	20.8.21	Britain ...	29.7.21
553.	Sofia	4,094	II—E	13.4.19	Britain ...	18.11 20
554.	Solfels	5,821	II—D	2.4.19	Britain ...	10.9.20
555.	Solingen	4,201	I—D	5.5.19	Britain ...	10.9.20
556.	Sonnenfels	5,854	II—D	28.3.19	Britain ...	10.9.20
					Belgium ...	10.11.20
557.	Spes	1,128	II—F	4.10.20	Britain ...	18.11.20
558.	Spezia	3,787	II—E	26.4.19	Britain ..	10.9.20
559.	Stambul...	3,559	II—E	23.9.19	Britain ...	18.11.20
560.	Stahlhof	1,459	II—F	5.7.20	Britain ...	10.9.20
561.	Spiekeroog	244	IV—G	6.7.20	France ...	1.12.20
562.	Steigerwald	4,836	I—C	27.4.19	Britain ...	10.9.20
					France ...	4.2.21
563.	Stephan	4,630	II—M	10.6.19	Britain ...	18.11.20
564.	Stern	2,042	II—E	4.6.20	Britain ...	18.11.20
565.	Stolberg...	5,886	II—D	24.8.19	Britain ...	10.9.20
566.	Swakopmund	5,652	I—C	6.4.19	Britain ...	10.9.20
567.	Sydney	5,894	II—D	9.8.19	Britain ...	10.9.20
					Belgium ...	19.10.20
568.	Tanger	1,507	II—F	22.6.19	Britain ...	29.7.21
569.	Tannenberg	7,620	I—D	18.7.19	Britain ...	18.11.20
570.	Tarpenbek	1,871	III—H	8.4.21	Britain ...	27 5.21
571.	Tasmania	7,514	I—D	3.5.19	Britain ...	18.11.20
572.	Teneriffa	2,075	II—E	21.6.19	France ...	10.9.20
573.	Teo Pao	1,655	II—F	28.8.19	Britain ...	10.9.20
574.	Tertia	2,186	II—E	27.6.21	Britain ...	6.7.21
575.	Tetuan	1,724	II—F	22.6.19	Britain ...	29.7.21
					France ...	29.7.21
576.	Thebea	2,581	II—E	7.5.19	Britain ...	29.7.21
577.	Thekla Bohlen... ...	2,239	II—E	24.6.19	Britain ...	29.7.21
					France ...	29.7.21
578.	Therese Horn	3,644	II—E	5.4.19	Britain ...	29.7.21
					France ...	29.7.21
579.	Thessalia	6,047	I—D	2.5.22	Britain ...	29.7.21
580.	Theilbek	2,831	III—H	20.10.20	Britain ...	30.8.20
581.	Tietze	243	IV—G	6.7.20	France ...	1.12.20

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
582.	Tilly Russ	2,768	II—E	10.7.19	Britain ...	10.9.20
583.	Tirpitz	21,477	I—C	5.2.21	Britain ...	1.12.20
584.	Titania	1,187	II—C	1.4.19	Britain ...	29.7.21
					France ...	29.7.21
585.	Totmes	7,399	II—D	2.5.19	Britain ...	18.11.20
586.	Treuenfels	7,471	I—D	30.3.19	Britain ...	10.9.20
587.	Tucuman	4,702	II—D	14.5.21	Britain ...	19.5.21
588.	Turin	1,756	II—F	2.7.19	Belgium ...	10.9.20
589.	Turpin	5,152	II—D	28.6.21	Britain ...	6.7.21
590.	Uhlenhorst	2,527	II—E	2.4.19	Britain ...	10.9.20
591.	Ulm	4,708	II—D	30.8.19	Britain ...	10.9.20
592.	Ultor	6,024	I—D	26.8.20	Britain ...	18.11.20
593.	Usambara	5,248	I—E	9.6.19	France ...	1.12.20
594.	Valencia	5,227	I—C	14.5.19	Britain ...	10.9.20
595.	Venus	2,623	II—E	25 7.21	Britain ...	16.6.21
596.	Vera	150	IV—G	15.1.19	Britain ...	16.6.21
597.	Villareal	1,652	II—F	30.7.20	Britain ...	18.11.20
598.	Viola	1,156	II—C	31.10.19	France ...	29.7.21
599.	Vital	1,591	II—F	6.6.21	Britain ...	13.6.21
600.	Vogtland	10,892	I—D	14.5.20	Britain ...	18.11.20
601.	Von der Goltz	223	IV—G	8.8.20	Britain ...	10.9.20
602.	Von Laffert	225	IV—G	21.6.20	Britain ...	10.9.20
603.	Wachtfels	5,869	II—D	5.4.19	Britain ...	29.7.21
					France ...	29.7.21
604.	Wadai	7,497	I—B	2.9.20	Britain ...	10.9.20
605.	Wahehe	7,372	I—B	28.3.19	Britain ...	10.9.20
606.	Waldeck	6,582	II—D	5.4.19	France ...	1.12.20
607.	Waldenburg	5,826	I—D	8.4.19	Britain ...	18.11.20
608.	Walhalla	3,913	II—E	8.5.19	Britain ...	29.7.21
					France ...	29.7.21
609.	Walküre	3,239	III—H	20.10.20	France ...	30.8.20
610	Wandrahm	1,520	II—F	26.6.20	Britain ...	10.9.20
611.	Wandsbek	2,234	III—H	20 10.20	Italy ...	25.11.20
612.	Waregga	3,830	II—E	5.4.19	Britain ...	29.7.21
					France ...	29.7.21
613.	Wartburg	4,295	II—D	3.6.19	Britain ...	18.11.20
614.	Warundi	3,821	II—D	4.4.19	Britain ...	29.7.21
					France ...	29.7.21
615.	Weilburg	2,461	II—E	1.3.21	Britain ...	19.5.21
616.	Weissenfelde	3,834	II—D	4.5.19	Britain ...	10.9.20
					Belgium ...	26.4.21
617.	Weissenfels	8,319	II—D	26.3.19	Britain ...	10.9.20
618.	Wendland	11,306	I—D	7.9.20	Britain ...	18.11.20
619.	Weser	1,028	II—F	5.7.20	Japan ...	29.7.21
					Belgium ...	29.7.21
620.	Weser	1,201	II—F	22.6.21	Britain ...	27.6.21
621.	Weser	2.102	III—H	31.10.20	France ...	30.8.20
622.	Wigbert	3,367	II—E	23.8.20	Britain ...	18.11.20
623.	Wilhelm Hemsoth ...	2,017	II—E	16.7.19	Britain ...	10.9.20
624.	Wille	33	IV—G	14.5.21	Belgium ...	29.7.21
625.	Windhuk	6,344	I—C	1.4.19	Britain ...	10.9.20
626.	Winfried	5,355	II—D	26.6.19	Britain ...	10.9.20
627.	Winterhude	2,065	III—H	5.6.21	France ...	21.6.21
628.	Wirth	226	IV—G	6.7.20	France ...	10.9.20
629.	Wismar	4,686	II—D	18.8.19	Britain ...	18 11 20
630.	Wittram...	6,491	I—D	28.6.20	Japan ...	17.2.21
631.	Woglinde	2,650	III—H	24 9.20	Italy ...	30.8.20
632.	Wolfram	5,897	II—D	2.4.19	Britain ...	10.9.20
633.	Wolfsburg	6,185	II—D	29.3.19	Britain ...	18.11.20

	Name of Ship.	Gross Tonnage.	Class and Type.	Date taken over from Germany.	Allotment for final ownership. Power.	Date.
634.	Wolga	1,099	II—C	28.6.20	Britain ...	13.6.21
635.	Wong Koi	1,776	II—F	5.9.19	Britain ...	10.9.20
636.	Wotan	3,390	II—E	3.4.19	Britain ...	18.11.20
637.	Wunsch	33	IV—G	14.5.21	Belgium ...	29.7.21
638.	Ypiranga	8,103	I—B	2.4.19	Britain ...	10.9.20
639.	Zeppelin	14,166	I—B	29.3.19	Britain ...	10.9.20

The question whether the following ships are deliverable under the terms of Annex III of the Treaty still remains to be settled :—

(*a*) Ships alleged to have been transferred during the war to the Spanish Government :—

Name.	Gross Tonnage.
Crefeld	3,829
Eriphia	2,043
Javorina	3,387
Neuenfels	5,519
Riga	2,156
Roma	2,108
	19,042

(*b*) D.A.P.G. Tank Steamers :—

Helios	3,477	Handed over by Germany in December 1919. Under temporary management of U.S.A pending settlement of status.
Hera	4,705	
Loki	5,456	
Mannheim	3,578	
Niobe	7,299	
Pawnee	4,972	
Sirius...	3,809	
Wotan	5,703	
	38,999	

APPENDIX XII.

MERCHANT SHIPPING DEFINITELY DECIDED TO BE DELIVERABLE UNDER THE TERMS OF ANNEX III OF THE TREATY OF VERSAILLES.

(EXCLUDING VESSELS TO BE LAID DOWN UNDER PARAGRAPH 5, ANNEX III.)

Class.	Delivered during the Armistice period.		Delivered between 10 Jan., 1920 and 30 April, 1921 inclusive.		Delivered since 30 April, 1921.		Total delivered to date.		Still remaining to be delivered.		Total deliverable.	
	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.
Steamers of 1,600 G.T. and over.	332	1,756,406	70	284,417	47	285,355	449	2,326,178	1	18,000*	450	2,344,178
Steamers of between 1,000 and 1,600 G.T.	11	14,529	30	38,245	27	33,694	68	86,468	—	—	68	86,468
Sailing vessels of 1,600 G.T. and over.	—	—	31	79,934	41	95,153	72	175,087	—	—	72	175,087
Sailing vessels of between 1,000 and 1,600 G.T.	—	—	2	3,126	—	—	2	3,126	—	—	2	3,126
Fishing vessels	5	861	40	9,749	2	66	47	10,676	—	—	47	10,676†
Totals	348	1,771,796	173	415,471	117	414,268	638	2,601,535	1	18,000	639	2,619,535

* "München," under construction at Bremen. Delivery expected February, 1923.

† *Note regarding Fishing Vessels.*—Although delivery of only 10,676 G.T. of fishing craft has so far been demanded, 24,375 G.T. have been agreed to be deliverable. Under the "Fishing Craft" Agreement of the 8th May, 1920, Germany has agreed, if called upon, to deliver the balance of tonnage due in the form of specially built trawlers or of fishing material of equivalent value. An order has been placed for the supply to Italy of fishing material of value equivalent to that of 424 G.T. of new trawler tonnage. No other Power has so far demanded further craft or material under this Agreement.

N.B.—In addition to the above tonnage, the question of whether or not the two classes of vessels under (*a*) and (*b*) (*see* Page 218), are deliverable remains to be settled.

APPENDIX XIII.

A.—TABLE SHOWING THE GROSS LOSSES, THE PRIZES, &c., TO BE SET OFF AGAINST THOSE LOSSES, THE RESULTANT NET LOSS, AND THE PERCENTAGE CLAIM OF THOSE POWERS ENTITLED TO SHARE IN THE DIVISION OF THE POOL OF ENEMY TONNAGE.

(1) TONNAGE ALREADY IN EXISTENCE OR UNDER CONSTRUCTION.

	Class I.				Class II.			
	Gross losses.	Set off.	Net losses.	Percentage.	Gross losses.	Set off.	Net losses.	Percentage.
Belgium	8,986	8,185	801	·03	88,988	963	88,025	1·40
British Empire	2,283,300	159,533	2,123,767	80·83	5,359,014	215,072	5,143,942	81·68
France	278,530	8,448	270,082	10·28	462,345	39,942	422,403	6·71
Greece	14,439	—	14,439	·55	125,900	—	125,900	2·00
Italy	194,152	44,672	149,480	5·69	581,876	105,610	476,266	7·56
Japan	68,839	—	68,839	2·62	50,523	11,339	39,184	·62
Roumania	—	—	—	—	4,385	2,679	1,706	·03
Total	2,848,246	220,838	2,627,408	100·00	6,673,031	375,605	6,297,426	100·00

	Class III.				Class IV.			
	Gross losses.	Set off.	Net losses.	Percentage.	Gross losses.	Set off.	Net losses.	Percentage.
Belgium	1,208	—	1,208	·32	3,151	—	3,151	2·87
British Empire	116,207	31,655	84,552	22·28	72,659	5,215	67,444	61·51
France	182,320	3,071	179,249	47·22	37,154	—	37,154	33·88
Greece	10,412	—	10,412	2·74	—	—	—	—
Italy	104,011	—	104,011	27·40	1,908	—	1,908	1·74
Japan	150	—	150	·04	—	—	—	—
Roumania	—	—	—	—	—	—	—	—
Total	414,308	34,726	379,582	100·00	114,872	5,215	109,657	100·00

...	...	...	34,726	379,582	100·00	114,872	5,215	109,657	100·00

B.—TABLE SHOWING THE GROSS LOSSES, THE PRIZES, &c., IN EXISTENCE ON 10TH JANUARY, 1920, OF THOSE POWERS WHICH ARE NOT ENTITLED TO SHARE IN THE DIVISION OF THE POOL OF ENEMY TONNAGE.

	Class I.		Class II.		Class III.		Class IV.		Total.	
	Gross losses.	Prizes, &c.	Gross losses.	Prizes, &c.	Gross losses.	Prizes, &c.	Gross losses.	Prizes, &c.	Gross losses.	Prizes, &c.
*United States ...	100,250	422,750	207,956	143,277	43,232	12,929	1,715	—	353,153	578,956
Brazil	—	121,592	9,905	99,945	—	2,066	—	—	9,905	223,603
*China	—	10,310	—	26,973	—	—	—	—	—	37,283
Cuba	—	—	1,510	15,901	—	—	—	—	1,510	15,901
Peru	—	15,208	—	19,489	—	8,175	—	—	—	42,872
Portugal	19,566	†66,665	59,035	‡87,249	13,957	2,430	2,456	—	95,014	156,344
Siam	—	—	4,672	22,125	—	—	—	—	4,672	22,125
Uruguay	—	6,022	—	36.637	—	—	—	—	—	42,659
Total ...	119,816	642,547	283,078	451,596	57,189	25,600	4,171	—	464,254	1,119,743

Note—In the case of countries marked * confirmation of the figures given in this Statement is still outstanding.

† Includes 1 Austrian vessel 5,990 g.t. } Still under consideration.
‡ „ 1 Hungarian „ 1,773 g.t. }

2. TONNAGE TO BE LAID DOWN UNDER PARAGRAPH 5 OF ANNEX III OF THE TREATY OF VERSAILLES.

	Net Losses.					Percentage claim on tonnage to be laid down.
	Class I.	Class II.	Class III.	Class IV.	Total.	
British Empire	2,123,767	5,143,942	84,552	67,444	7,419,705	79·60
France	270,082	422,403	179,249	37,154	908,888	9·75
Greece	14,439	125,900	10,412	—	150,751	1·62
Italy	149,480	476,266	104,011	1,908	731,665	7·85
Japan	68,839	39,184	150	—	108,173	1·16
Roumania	—	1,706	—	—	1,706	·02
Total	2,626,607	6,209,401	378,374	106,506	9,320,888	100·00

Note.—Belgium has no claim to tonnage to be laid down under paragraph 5, her claim having been satisfied in full from ready tonnage.

APPENDIX XIV.

SUMMARY OF ALLOTMENTS TO VARIOUS POWERS OF DEFINITELY DELIVERABLE TONNAGE.

Power.	*Ex-German Tonnage.										†Ex-Austro-Hungarian Tonnage included in the "Pool." (Vessels of 2,000 G.T. and over.)						Grand Totals.	
	Steamers (12 knots and over). Class I.		Steamers (under 12 knots). Class II.		Sailing Vessels. Class III.		Fishing Vessels. Class IV.		Total.		Steamers (12 knots and over). Class I.		Steamers (under 12 knots). Class II.		Total.			
	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.
Belgium ...	1	2,331	10	20,944	—	—	5	809	16	24,084	—	—	—	—	—	—	16	24,084
France ...	14	87,557	15	60,902	34	82,968	13	3,217	76	234,644	3	13,633	14	47,580	17	61,213	93	295,857
Great Britain	111	972,307	348	1,201,105	19	42,006	29	6,650	507	2,222,068	31	128,908	62	215,785	93	344,693	600	2,566,761
Greece ...	1	8,174	11	35,195	2	4,883	—	—	14	48,252	—	—	—	—	—	—	14	48,252
Italy ...	—	—	—	—	19	48,356	—	—	19	48,356	14	76,891	26	101,944	40	178,835	59	227,191
Japan ...	3	29,953	4	12,178	—	—	—	—	7	42,131	—	—	—	—	—	—	7	42,131
Roumania‡..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	130	1,100,322	388	1,330,324	74	178,213	47	10,676	639	2,619,535	48	219,432	102	365,309	150	584,741	789	3,204,276

* These figures do not include tonnage to be laid down under para. 5 of Annex III of the Treaty of Versailles, the position regarding which is as follows:

Power.	Annual Allotment.	Tonnage provisionally notified by the Powers as to be laid down during year ending :— 9 April, 1921.	9 April, 1922.	9 April, 1923.	9 April, 1924.	9 April 1925..
		G.T.	G.T.	G.T.	G.T.	G.T.
Belgium	—	—	—	—	—	—
France§	19,500	19,500	19,500	19,500	19,500	19,500
Great Britain... ...	159,200	159,200	159,200	—	—	—
Greece	3,240	3,240	3,240	3,240	3,240	3,240
Italy	15,700	15,700	15,700	15,700	15,700	15,700
Japan	2,320	2,320	2,320	—	—	—
R umania	40	40	40	40	40	40
	200,000					
Notified to Germany		200,000	200,000	40,000	40,000	40,000

† In addition, all the ex-Austro-Hungarian ships of less than 2,000 G.T. have been delivered to Italy or Jugo-Slavia. Excluding ships of less than 40 G.T., the tonnage of such ships amounts in all to 79,054 G.T., of which Italy has received 42,340 G.T. and Jugo-Slavia 36,714 G.T. under the Bertolini-Trumbic Agreement dated 7th September, 1920.

‡ Roumania's claim of about 550 G.T. has been met by allotting to her and Great Britain jointly a vessel, the tonnage of which is included in the figures of the British allotment.

§ By a special agreement, Great Britain has a claim to half the share of France in the tonnage to be laid down, but this claim has been waived in respect of the year ended the 9th April, 1922.

Note.—No order was placed for tonnage to be laid down during the year ending the 9th April, 1921. About 25,000 G.T. has been laid down for France in respect of the two years ending the 9th April, 1922–3. No other order has yet been definitely placed, but arrangements will shortly be completed for the laying down of practically the whole of the tonnage to which Italy has a claim in respect of the four years ending the 9th April, 1922–3–4–5.

	200,000					
Notified to Germany	200,000	200,000	40,000	40,000	40,000	

claim in respect of the four years ending the 9th April, 1922-3-4-5.

APPENDIX XV.

DEFINITELY DELIVERABLE EX-ENEMY TONNAGE WHICH WILL REMAIN IN THE HANDS OF THE VARIOUS ALLIED POWERS AFTER TRANSFERS HAVE BEEN MADE AS THE RESULT OF EXISTING INTER-ALLIED AGREEMENTS.

Power.	*Ex-German Tonnage.										Ex-Austro-Hungarian Tonnage included in the Pool (Vessels of 2,000 G.T. and over).						Grand Totals.	
	(Steamers 12 knots and over).		(Steamers under 12 knots).		Sailing Vessels.		Fishing Vessels.		Total.		Steamers (12 knots and over).		Steamers (under 12 knots).		Total.			
	Class I.		Class II.		Class III.		Class IV.				Class I.		Class II.					
	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.	No.	G.T.
Belgium ...	4	23,364	28	82,792	1	3,091	5	809	38	110,056	—	—	—	—	—	—	38	110,056
France ...	24	158,048	64	246,679	34	82,968	13	3,217	135	490,912	—	—	—	—	—	—	135	490,912
Great Britain	98	880,783	281	951,817	18	38,915	29	6,650	426	1,878,165	—	—	—	—	—	—	426	1,878,165
Greece ...	1	8,174	11	35,195	2	4,883	—	—	14	48,252	—	—	—	—	—	—	14	48,252
Italy ...	—	—	1	2,691	19	48,356	—	—	20	51,047	45	209,391	82	294,378	127	503,769	147	554,816
Japan ...	3	29,953	3	11,150	—	—	—	—	6	41,103	—	—	—	—	—	—	6	41,103
Jugo-Slavia	—	—	—	—	—	—	—	—	—	—	3	10,041	20	70,931	23	80,972	23	80,972
Totals ...	130	1,100,322	388	1,330,324	74	178,213	47	10,676	639	2,619,535	48	219,432	102	365,309	150	584,741	789	3,204,276

* Excluding tonnage to be laid down under paragraph 5 of Annex III of the Treaty of Versailles. (*See* footnote (*) to Appendix XIV.).

APPENDIX XVI.

HUNGARIAN TONNAGE.

SHIPS, FORMERLY OWNED BY COMPANIES STILL SEATED IN HUNGARIAN TERRITORY AND DELIVERED IN ACCORDANCE WITH ANNEX III TO SECTION I OF PART VIII OF THE TREATY OF TRIANON.

Name of Ship.	Gross Tonnage.	Allotted to	Subsequently transferred to	Former Owners.
1. Atlantica	4,996	France ...	Italy ...	Atlantica Co., Budapest.
2. Augusta Föherczegnö	5,032	Great Britain	Italy ...	Levante Co., Budapest.
3. Corvin	1,432	Italy ...	—	" "
4. Erdely	5,035	Great Britain	Italy ...	" "
5. Fiume	3,663	Italy ...	—	Atlantica Co.
6. Graf Khuen Hederváry	4,988	Great Britain	Italy ...	" "
7. Graf Serenyi Béla ...	3,665	France ...	Italy ...	" "
8. Graf Tisza Istvan ...	2,939	Great Britain	Italy ...	Levante Co.
9. Honvéd	2,216	Great Britain	Italy ...	Atlantica Co.
10. Hullam	83	Italy ...	—	Atlantica Co.
11. Indeficienter	2,333	France ...	Italy ...	Banca Ungherese, Budapest.
12. Kelet	942	Italy ...	—	Levante Co.
13. Kossuth	3,602	Italy ...	—	" "
14. Kossuth Ferencz ...	4,781	Great Britain	Italy ...	Atlantica Co.
15. Magyarország ...	3,661	Great Britain	Italy ...	" "
16. Orkan...	105	Italy ...	—	" "
17. Orsova	3,549	Great Britain	Italy ...	Levante Co
18. Szello...	106	Italy ...	—	Atlantica Co.
19. Szelezend	108	Italy ...	—	" "
20. Szterenyi	3,669	Great Britain	Italy ...	" "
21. Zapor...	258	Italy ...	—	" "
	57,163			

Note.—Information has been received that the vessels "Vera" (54 G.T., allotted to Italy) and "Emma" (41 G.T. allotted to Jugo-Slavia) were partly owned by persons still under Hungarian jurisdiction.

APPENDIX XVII.

AUSTRO-HUNGARIAN EX-NAVAL UNITS.

NAMED IN ARTICLE 137 OF THE TREATY OF ST. GERMAIN AND ARTICLE 121 OF THE TREATY OF TRIANON, THE PROPERTY IN WHICH HAS BEEN OR CAN BE TRANSFERRED BY THE AUSTRIAN AND HUNGARIAN GOVERNMENTS.

1. Buffel	97	tons displacement	Taken over by Italy.
2. Gaea	11,580	" "	
3. Herkules	1,500	" "	
4. Lussiu	1,000	" "	
5. Nymphe	230	" "	
6. Pelikan	2,430	" "	
7. Pluto	99	" "	
8. Pola	6,240	gross tons.	
9. Teodo	6,240	" "	
10. Vesta	2,130	tons displacement	
11. Cyclop	2,150	tons displacement	Taken over by Jugo-Slavia
12. Dalmat	268	" "	
13. Gigante	260	" "	
14. Najade	554	" "	
15. Nixe	250	" "	

APPENDIX XVIII.

PROGRESS OF DELIVERIES OF GERMAN MERCHANT SHIPS.

Delivered on	No. of Ships. Ex-German Tonnage.	Gross Tonnage.
1920—		
10 January	348	1,771,796
28 February	348	1,771,796
31 March	348	1,771,796
30 April	351	1,779,811
31 May	363	1,822,995
30 June	397	1,891,346
31 July	446	1,972,141
31 August	469	2,010,886
30 September	479	2,043,381
31 October	492	2,082,284
30 November	496	2,102,492
31 December	499	2,110,494
1921—		
31 January	505	2,127,119
28 February	512	2,167,729
31 March	514	2,171,279
30 April	521	2,187,267
31 May	542	2,232,967
30 June	573	2,308,902
31 July	591	2,346,286
31 August	599	2,362,854
30 September	604	2,384,771
31 October	606	2,391,769
30 November	610	2,408,336
31 December	618	2,427,049

Delivered on	No. of Ships. Ex-German Tonnage.	Gross Tonnage.
1922—		
31 January	622	2,476,033
28 February	625	2,486,347
31 March	628	2,498,594
30 April	631	2,567,690
31 May	633	2,578,374
30 June	636	2,593,931
31 July	637	2,596,947
31 August	637	2,596,947
30 September	638	2,601,535
1923—		
28 February (expected) ...	639	2,619,535

APPENDIX XIX.

TEXT OF ANNEX V TO PART VIII, TREATY OF VERSAILLES.

1.

Germany accords the following options for the delivery of coal and derivatives of coal to the undermentioned signatories of the present Treaty.

2.

Germany undertakes to deliver to France seven million tons of coal per year for ten years. In addition, Germany undertakes to deliver to France annually for a period not exceeding ten years an amount of coal equal to the difference between the annual production before the war of the coal mines of the Nord and Pas de Calais, destroyed as a result of the war, and the production of the mines of the same area during the years in question: such delivery not to exceed twenty million tons in any one year of the first five years, and eight million tons in any one year of the succeeding five years.

It is understood that due diligence will be exercised in the restoration of the destroyed mines in the Nord and the Pas de Calais.

3.

Germany undertakes to deliver to Belgium eight million tons of coal annually for ten years.

4.

Germany undertakes to deliver to Italy up to the following quantities of coal:

July, 1919, to June,	1920	4½	million tons.
,, 1920 ,,	1921	6	,, ,,
,, 1921 ,,	1922	7½	,, ,,
,, 1922 ,,	1923	8	,, ,,
,, 1923 ,,	1924	8½	,, ,,
and each of the following five years ...			

At least two-thirds of the actual deliveries to be land-borne.

5.

Germany further undertakes to deliver annually to Luxemburg, if directed by the Reparation Commission, a quantity of coal equal to the pre-war annual consumption of German coal in Luxemburg.

6.

The prices to be paid for coal delivered under these options shall be as follows:

(*a*) For overland delivery, including delivery by barge, the German pithead price to German nationals, plus the freight to French, Belgian, Italian or Luxemburg frontiers, provided that the pithead price does not exceed the pithead price of British coal for export. In the case of Belgian bunker coal, the price shall not exceed the Dutch bunker price.

Railroad and barge tariffs shall not be higher than the lowest similar rates paid in Germany.

(*b*) For sea delivery, the German export price f.o.b. German ports, or the British export price f.o.b. British ports, whichever may be lower.

7.

The Allied and Associated Governments interested may demand the delivery in place of coal of metallurgical coke in the proportion of 3 tons of coke to 4 tons of coal.

8.

Germany undertakes to deliver to France, and to transport to the French frontier by rail or by water, the following products, during each of the three years following the coming into force of this Treaty:—

	Tons.
Benzol	35,000
Coal tar	50,000
Sulphate of ammonia	30,000

All or part of the coal tar may, at the option of the French Government, be replaced by corresponding quantities of products of distillation, such as light oils, heavy oils, anthracene, naphthalene or pitch.

9.

The price paid for coke and for the articles referred to in the preceding paragraph shall be the same as the price paid by German nationals under the same conditions of shipment to the French frontier or to the German ports, and shall be subject to any advantages which may be accorded similar products furnished to German nationals.

10.

The foregoing options shall be exercised through the intervention of the Reparation Commission, which, subject to the specific provisions hereof, shall have power to determine all questions relative to procedure and the qualities and quantities of products, the quantity of coke which may be substituted for coal, and the times and modes of delivery and payment. In giving notice to the German Government of the foregoing options, the Commission shall give at least 120 days' notice of deliveries to be made after 1st January, 1920, and at least 30 days' notice of deliveries to be made between the coming into force of this Treaty and 1st January, 1920. Until Germany has received

the demands referred to in this paragraph, the provisions of the Protocol of 25th December, 1918 (Execution of Article VI of the Armistice of 11th November, 1918) remain in force. The notice to be given to the German Government of the exercise of the right of substitution accorded by paragraphs 7 and 8 shall be such as the Reparation Commission may consider sufficient. If the Commission shall determine that the full exercise of the foregoing options would interfere unduly with the industrial requirements of Germany, the Commission is authorised to postpone or to cancel deliveries, and in so doing to settle all questions of priority; but the coal to replace coal from destroyed mines shall receive priority over other deliveries.

APPENDIX XX.

FRANCE'S PRIORITY IN RESPECT OF COAL DELIVERIES.

(Difference between the pre-War output of the Nord and Pas-de-Calais mines destroyed in consequence of the War and the output of the same mines during the months under consideration.)

1920.	Tons.
January	1,392,510·5
February	1,390,410·7
March	1,379,750·1
April	1,377,683·5
May	1,370,329·5
June	1,302,590·7
July	1,289,206·1
August	1,265,027·7
September	1,226,460·2
October	1,206,948·7
November	1,203,650·4
December	1,195,504·4
1921.	
January	1,166,674·2
February	1,160,836·8
March	1,135,732·6
April	1,117,065·0
May	1,119,887·0
June	1,079,534·0
July	1,068,171·0
August	1,039,748·0
September	1,010,510·0
October	976,450·0
November	964,361·0
December	940,197·0
1922.	
January	929,479·0
	29,308,718·1

APPENDIX XXI.

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QUANTITIES OF COAL, COKE AND LIGNITE DEMANDED OF GERMANY SINCE JANUARY 10TH, 1920, AND QUANTITIES DELIVERED. (COKE IN TERMS OF COAL 3 TO 4.)

Months.	Quantities delivered.					Schedule.
	France.	Italy.	Belgium.	Luxemburg.	Total.	
1920—January	1,599,833·308	77,037·853	—	—	1,676,871·161	1,668,350
February	1,389,106·807	59,385·042	—	—	1,448,491·849	2,367,400
March	935,987·404	53,358·012	—	—	989,345·416	2,338,600
April	863,190·413	66,396·427	15,100	—	944,686·840	1,575,333·3
May	950,736·267	88,553·9	84,123	—	1,123,413·167	2,125,666·7
June	863,819·667	128,508·933	95,679·6	—	1,088,008·2	2,300,000
July	973,947·166	177,539·6	103,956·5	—	1,255,443·266	2,434,000
August	1,417,756·974	170,020·278	165,192·946	89,333·333	1,842,303·531	2,000,000
September ...	1,460,245·209	169,132·314	203,234·169	98,666·666	1,931,278·358	2,000,000
October	1,525,707·634	191,921·738	270,091·503	126,883·5	2,114,604·375	2,000,000
November... ...	1,152,139·879	247,740·079	194,880·829	134,064·1	1,728,824·887	2,000,000
December	1,123,557·9	199,187·833	273,277·043	145,605·133	1,741,627·910	2,000,000
1921—January	993,115·854	192,741·025	272,553·672	133,170·8	1,591,581·351	2,000,000
February	1,088,021·401	225,243·284	286,674·5	158,145·833	1,758,085·018	2,200,000
March	967,738·987	286,313·632	235,168·436	44.371·267	1,533,592·322	2,200,000
April	900,400·733	276,065·409	258,550·813	106,900·5	1,541,917·455	2,200,000
May	841,066·828	206,606·697	249,839·833	127,534·7	1,425,048·058	2,200,000
June	892,544·958	188,101·731	249,862·833	140,193·967	1,470,703·489	2,200,000
July	725,631·555	253,478·489	209,200·333	106,415·5	1,294,725·877	2,200,000
August	860,424·491	280,552·375	224,142·833	108,805·866	1,473,925·565	2,200,000
September ...	913,273·410	269,386·238	219,809	160,388·8	1,562,857·448	2,200,000
October	972,850·155	261,844·139	233,238·166	157,747·606	1,625,680·066	2,200,000
November... ...	856,313·670	210,451·723	215,623	135,582·867	1,417,971·260	2,200,000
December	785,430·234	193,389·234	196,589·303	125,851·607	1,301,260·378	2,200,000
1922—January	1,062,182·698	199,743·584	230,175·459	180,111·667	1,672,213·408	2,200,000
	26,115,023·602	4,672,699·569	4,486,963·771	2,289,773·712	37,554,460·655	53,209,350

Note—The quantities delivered during the months of September, October, November, December, 1919, and until the 10th January, 1920, have been carried forward to the quantities delivered in January (after the 10th) February, March and April, 1920, in accordance with a decision of the Reparation Commission of the 14th September, 1920.

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APPENDIX XXII.

Annex VI to Part VIII of the Treaty.

I.

Germany accords to the Reparation Commission an option to require as part of reparation the delivery by Germany of such quantities and kinds of dyestuffs and chemical drugs as the Commission may designate, not exceeding 50 per cent. of the total stock of each and every kind of dyestuff and chemical drug in Germany or under German control at the date of the coming into force of the present Treaty.

This option shall be be exercised within sixty days of the receipt by the Commission of such particulars as to stocks as may be considered necessary by the Commission.

II.

Germany further accords to the Reparation Commission an option to require delivery during the period from the date of the coming into force of the present Treaty until 1st June, 1920, and during each period of six months thereafter until 1st January, 1925, of any specified kind of dyestuff and chemical drug up to an amount not exceeding 25 per cent. of the German production of such dyestuffs and chemical drugs during the previous six months' period. If in any case the production during such previous six months was, in the opinion of the Commission, less than normal, the amount required may be 25 per cent. of the normal production.

Such option shall be exercised within four weeks after the receipt of such particulars as to production and in such form as may be considered necessary by the Commission; these particulars shall be furnished by the German Government immediately after the expiration of each six months' period.

III.

For dyestuffs and chemical drugs delivered under paragraph 1, the price shall be fixed by the Commission, having regard to pre-war net export prices and to subsequent increases of cost.

For dyestuffs and chemical drugs delivered under paragraph 2, the price shall be fixed by the Commission, having regard to pre-war net export prices and subsequent variations of cost, or the lowest net selling price of similar dyestuffs and chemical drugs to any other purchaser.

IV.

All details, including mode and times of exercising the options, and making delivery, and all other questions arising under this arrangement shall be determined by the Reparation Commission; the German Government will furnish to the Commission all necessary information and other assistance which it may require.

V.

The above expression "dyestuffs and chemical drugs" includes all synthetic dyes and drugs and intermediate or other products used in connection with dyeing, so far as they are manufactured for sale. The present arrangement shall also apply to cinchona bark and salts of quinine.

APPENDIX XXIII.

STOCK OF THE GERMAN FACTORIES ON 15TH AUGUST, 1919. DYESTUFFS.

Factories.	Dyestuffs.	Intermediates.	Total Dyestuffs and Intermediates.	50 per cent. of the Total of Dyestuffs and Intermediates.
	Kgs.	Kgs.	Kgs.	Kgs.
A.G.F.A. (Berlin)	1,077,759.000	47,963.000	1,125,722.000	562.861.000
Badische	7,984,435.000	143,494 000	8,127,929.000	4,063,964.500
Bayer	5,444,805.000	27,433.000	5,472,238.000	2,736,119.000
Cassella	2,235,683.000	45,536.000	2,281.219.000	1,140.609.500
Griesheim ...	506,330.500	49,167.400	555,497.900	277,748.950
Grunau	—	1,992.000	1,992.000	996.000
Jäger	22,540.000	—	22,540.000	11,270.000
Kalle	339,855.300	25,325.000	365,180.300	182,590.150
Meister L. & B. ...	2,566,721.158	473,601.200	3,040,322.358	1,520,161.179
Muehlheim ...	80,306.000	300.000	80,606.000	40,303.000
Weiler-ter-Meer ...	423,004.000	798.000	423,802.000	211,901.000
Wülfing Dahl ...	24,675.000	1,000.000	25,675.000	12,837.500
GRAND TOTAL	20,706,113.958	816,609.600	21,522,723.558	10,761,361.779

APPENDIX XXIV.

PERCENTAGES OF DISTRIBUTION OF DYESTUFFS—BALANCE OF THE STOCK OF 15TH AUGUST, 1919.

Groups.	United States.	Great Britain.	France.	Italy.	Belgium.
I.—Alizarine red	25	35	16	16	8
II.—Indigo	5	29	28	18	20
III.—Vat dyes other than indanthrene blue G.C.D. ...	39	30	13	13	5
IV.—Indanthrene blue G.C.D...	55	30	8	7	—
V.—Alizarine dyes other than red.	37	30	14	14	5
VI.—Direct cotton colors ...	15	25	23	20	17
VII.—Developed cotton colors ...	20	25	26	20	9
VIII.—Acid wool colors	15	25	28	20	12
IX —Chrome colors	20	30	23	18	9
X.—Basic colors	15	25	25	23	12
XI —Sulphur colors	10	35	17	17	21
XII.—Lake colors	25	25	25	15	10
Intermediates	20	30	21	19	10

APPENDIX XXV.

PERCENTAGES OF DISTRIBUTION OF THE 25 PER CENT. OF THE DAILY PRODUCTION OF DYESTUFFS.

(United States included.)

Groups.	United States.	Great Britain.	France.	Italy.	Belgium.
I.—Alizarine red	25	35	16	16	8
II.—Indigo	5	35	23	23	14
III.—Vat dyes other than indanthrene blue G.C.D.	42	35	9	9	5
IV.—Indanthrene blue G.C.D.	60	35	5	—	—
V.—Alizarine dyes other than red.	45	35	8	8	4
VI.—Direct cotton colors ...	15	25	25	18	17
VII.—Developed cotton colors ...	28	30	18	15	9
VIII.—Acid wool colors	15	33	26	15	11
IX.—Chrome colors	25	33	18	15	9
X.—Basic colors	20	30	20	20	10
XI.—Sulphur colors	10	35	17	17	21
XII.—Lake colors	30	30	15	15	10
Intermediates	20	30	21	19	10

APPENDIX XXVI.

EXISTING PERCENTAGES OF DISTRIBUTION OF THE 25 PER CENT. OF THE DAILY PRODUCTION OF DYESTUFFS.

Groups.	Great Britain.	France.	Italy.	Belgium.
I.—Alizarine red	45	15	25	15
II.—Indigo	37	20	25	18
III.—Vat dyes other than indanthrene blue G.C.D.	50	20	20	10
IV.—Indanthrene blue G.C.D.	35	25	25	15
V.—Alizarine dyes other than red.	55	20	17	8
VI.—Direct cotton colors ...	34	26	21	19
VII.—Developed cotton colors ...	42	25	21	12
VIII.—Acid wool colors	37	30	19	14
IX.—Chrome colors	43	20	25	12
X.—Basic colors	38	25	25	12
XI.—Sulphur colors	35	15	20	30
XII.—Lake colors	40	20	25	15
Intermediates	37	26	24	13

APPENDIX XXVII.

Paris, 31st May, 1920.

PROTOCOL FOR THE DELIVERY OF DYESTUFFS.

Pending the final execution of the agreement outlined at the meeting of the Dyestuff Sub-Commission of the Reparation Commission, 28th January, 1920, or of a similar agreement, the German Government undertakes to deliver to the Reparation Commission from 1st June, 1920, forward, 25 per cent. of the German daily production of dyestuffs.

It will likewise deliver intermediate products used in dyeing and printing in such quantities as shall equal the quantities of those same products delivered to the various countries before the war for the same uses.

The prices at which these dyestuffs and intermediate products will be delivered shall be the lowest price at which these same dyestuffs and intermediate products have been offered* during the same month to any buyer, German or other.

These deliveries will be credited to Germany in the Reparation Account.

It is understood that the present agreement in no way constitutes a renunciation by the Reparation Commission of any of the rights conferred upon it by the Treaty of Versailles, particularly as regards the paragraphs above concerning intermediate products and prices.

(Signed) DUBOIS.
D'AMELIO.

(Signed) BERGMANN.

N.B.—This protocol and all the other protocols and agreements concerning Annex VI having been prepared in the French language and the French text being the only one signed by the Germans, the French text alone is authentic.

APPENDIX XXVIII.

Paris, 19th August, 1921.

AGREEMENT SUPPLEMENTARY TO THE DYESTUFFS PROTOCOL OF 31ST MAY, 1920.

The following clauses shall be applied to the Protocol of 31st May, 1920, which governs, in so far as dyestuffs are concerned, the execution of paragraph 2, Annex VI to Part VIII of the Treaty of Versailles.

ARTICLE 1.

The I.G. of the German dye factories, whilst continuing to hold at the disposal of the Reparation Commission 25 per cent. of the amount of dyestuffs manufactured each month, agrees to deliver, as far as possible, on Reparation Account, dyestuffs asked for in quantities superior to 25 per cent. of the production of such dyes.

However, the total value of the dyes delivered on Reparation Account out of the production of any one month shall not exceed 25 per cent. of the total value of the total production for that month.

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* In the French text—"tarifés."

ARTICLE 2.

Those quantities superior to 25 per cent. of the production of each dyestuff shall be debited in Reparation Account at the lowest price that the I.G. of the German dye factories shall have sold at* in each of the receiving countries during the month preceding the month of delivery or during the month of delivery, but always at the lower of these two prices.

However, the prices fixed by the Protocol of 31st May, 1920, shall be applied to a minimum quantity of each dyestuff to be delivered in accordance with Articles 1 and 2, such minimum quantity to be agreed upon jointly by the Reparation Commission and the I.G. on the basis of the production of each dyestuff during the fifteen months from 1st February, 1920, to 30th April, 1921 (*see* letter from the I.G. attached).

ARTICLE 3.

For such dyestuffs as the amount asked for is liable to exceed 25 per cent. of the production, firm orders shall be given by each Allied and Associated Power within one month of the signing of the present agreement for the first three months' period and for the succeeding three-monthly periods during the last month of the preceding period. The quantities thus ordered shall not exceed the needs of the consuming industries of each country.

ARTICLE 4.

The Reparation Commission recognises that dyestuffs delivered on Reparation Account should not be re-exported and will therefore ask the Governments of the Allied and Associated Powers receiving dyestuffs to give to their respective distributing organisations the instructions necessary to prevent, as far as possible, this re-exportation.

ARTICLE 5.

As to dyestuffs of which deliveries are not to exceed 25 per cent. of the production and of which 25 per cent. of the production is held at the disposal of the Reparation Commission, the Commission agrees that firm orders for these shall be given within 60 days after receipt of the monthly lists of production. Quantities for which firm orders are not given within this period shall automatically remain at the free disposal of the I.G.

ARTICLE 6.

There shall be left at the free disposal of the I.G.:

(*a*) On the signing of this agreement the reliquats of the seven months from 1st June to 31st December, 1920;

(*b*) Within 30 days of the date of signature of this agreement, the reliquats of the months of January and February, 1921;

(*c*) Within 60 days of the date of signature of this agreement, the reliquats of the three months from 1st March to 31st May, 1921.

ARTICLE 7.

The Reparation Commission will forward to the "Centrale des Usines de Matières Colorantes" at Frankfort within 30 days of the date of this agreement a provisional list of specified dyestuffs which in future will no longer have to be held at the disposal of the Reparation Commission. This list will be subject to change as the Reparation Commission may direct.

* In the French text—"au plus bas prix que l'I.G. . . . . aura pratiqué" which is less restrictive than the term "sold."

It is moreover understood that the monthly lists of production handed over to the Reparation Commission by the "Centrale" of Frankfort shall continue to show the production of all dyestuffs manufactured, whether or not they are to be held at the disposal of the Commission.

ARTICLE 8.

The present agreement will remain in force until revoked by the Reparation Commission. Notice of such revocation must be given at the beginning of a three-monthly period to take effect for the next period.

ARTICLE 9.

The I.G. will do the necessary to be assured that the German Government will not oppose the present agreement.

For the I.G. of German Synthetic Dyestuffs Factories.

(Signed) SALVAGO RAGGI.
B. A. KEMBALL-COOK.

(Signed) C. VON WEINBERG.

ANNEX TO AN AGREEMENT SUPPLEMENTARY TO THE PROTOCOL OF 31ST MAY, 1920.

Letter from the I.G. of German Synthetic Dyestuff Factories, to the Bureau for Dyestuffs and Pharmaceutical Products of the Reparation Commission.

Paris, 12th July, 1921.

The I.G. declares that it will carry out Article 2 of the supplementary agreement to the Protocol of 31st May, 1920, concerning dyestuffs as follows:

When a product is concerned which has not been manufactured during the 15 months taken as a basis, and such manufacture is undertaken to fill an order from the Allies, during the first three-monthly period 50 per cent. of the amount delivered will be priced at the price prevailing on the German interior market—this, however, does not apply to products never manufactured before the coming into effect of the Treaty.

When a product is concerned which was manufactured during the 15 months taken as a basis, but in quantity considered insufficient, the lower price will be applied to a quantity to be determined by common agreement, which quantity will be between the 25 per cent. of the average monthly production of the 15 months and 50 per cent. of the amount ordered.

However, the lower price will always be applied to a quantity equal at least to 25 per cent. of the actual production.

For the I.G. of German Synthetic Dyestuff Factories.

(Signed) C. VON WEINBERG.

APPENDIX XXIX.

Paris, 12th June, 1922.

PROVISIONAL AMENDMENT TO THE SUPPLEMENTARY AGREEMENT OF 19TH AUGUST, 1921, RELATIVE TO DYESTUFFS.

I. To facilitate the application of the supplementary Agreement of 19th August, 1921, it is decided that the following rules will apply to the quarterly orders July-September and October-December, 1922. In so far as these two periods are concerned, the text which follows shall constitute a provisional amendment to such clauses of the supplementary Agreement as might be contradictory to the present text.

II. All quarterly orders for July-September and October-December, 1922, will be invoiced as follows: 50 per cent. at the price fixed by the Protocol of 31st May, 1920, 50 per cent. at the lowest price that the I.G. shall have sold at in each of the receiving countries during the month preceding the month of delivery or during the month of delivery, but always at the lower of these two prices.

III. Upon receipt of the quarterly orders, the Centrale will furnish, for information, the export prices quoted for the countries interested at the time the orders are placed.

IV. To obtain the 25 per cent. of the daily production, the quantities ordered in the quarterly orders will be deducted from the total actual production of the factories during the corresponding quarter. The 25 per cent. of the difference between the actual production and the quarterly orders will appear in the production lists of the months from July to December, 1922. This entire 25 per cent. will be at the disposal of the Reparation Commission in accordance with the Protocol of 31st May, 1920.

(Signed) LÉON DELACROIX.
JOHN BRADBURY.

(Signed) VON WEINBERG.

APPENDIX XXX.

DELIVERIES OF DYESTUFFS UP TO THE 31ST DECEMBER, 1922.

		Quantity (Kgs.).	Value (Gold Mks.).
United States Textile Alliance.	Stock	1,948,958	2,102,913.21
	Daily Production	280,734	1,499,291.13
	Supplementary Agreement	161,823	1,281,132.53
	Total	2,391,515	4,883,336.87
Great Britain ...	Stock	2,923,453	3,806,101.03
	Daily Production	2,280,452	5,774,614.66
	Supplementary Agreement	955,678	4,653,776.82
	Total	6,159,583	14,234,492.51
France	Stock	2,259,829	2,871,672.16
	Daily Production	1,826,247	8,687,467.25
	Supplementary Agreement	127,207	796,465.34
	Pre-war contracts	28,549	86,419.32
	Total	4,241,832	12,442,024.07
Belgium	Stock	1,103,195	1,202,216.24
	Daily Production	1,732,281	4,040,346.14
	Supplementary Agreement	1,158,028	4,245,975.63
	Total	3,993,504	9,488,538.01
Italy	Stock	1,566,214	1,811,728.18
	Daily Production	3,180,866	11,106,367.33
	Supplementary Agreement	403,804	1,787,400.49
	Total	5,150,884	14,705,496.00
Japan	Stock	88,001	64,487.61
	Daily Production	591,312	2,565,227.76
	Total	679,313	2,629,715.37
Serb - Croat - Slovene State.	Daily Production	10,140	22,623.61
Greece	Daily Production	63,004	251,084.79
Total ...	Stock	9,889,650	11,859,118.43
	Daily Production	9,965,036	33,947,022.67
	Supplementary Agreement	2,806,540	12,764,750.81
	Pre-war contracts	28,549	86,419.32
	GRAND TOTAL ...	22,689,775	58,657,311.23

APPENDIX XXXI.

Paris, 19th October, 1920.

PROTOCOL FOR THE DELIVERY OF PHARMACEUTICAL PRODUCTS.

The German Government, in execution of §2, Annex VI, Part VIII of the Treaty of Versailles, undertakes to deliver to the Reparation Commission any synthetic pharmaceutical products and salts of quinine up to an amount not exceeding 25 per cent. of the German production manufactured from the 1st July, 1920, onward.

The production of cocaine and of codeine, however, will be delivered only up to an amount of 12·5 per cent. of the total production of these products.

The prices at which these products shall be delivered shall in principle be the lowest net selling price at which these products have been quoted* during the month of their production to any other purchaser (German or otherwise). The Reparation Commission, however, reserves the right to fix the prices, according to the provisions of §3, Annex VI, Part VIII of the Treaty of Versailles, if it considers that the prices charged by Germany are excessive.

These deliveries will be credited to Germany in the Reparation Account.

The present agreement, until revoked or modified by the Reparation Commission, will govern all future deliveries of pharmaceutical products under the provisions of the Treaty above quoted.

It is understood that in making the present agreement the Reparation Commission reserves all the rights conferred upon it by the Treaty of Versailles.

(Signed) BERGMANN.

(Signed) DUBOIS.
THEUNIS.

APPENDIX XXXII.

PERCENTAGES OF DISTRIBUTION OF THE 25 PER CENT. OF THE DAILY PRODUCTION OF PHARMACEUTICAL PRODUCTS SINCE JULY, 1920.

Title of the Groups:

I.—Quinine and its salts (No. 380 A of the German Customs Tariff of 1913).
II.—Salicylic and benzoic acids and their salts (No. 317 N).
III.—Alkaloids other than Quinine and the Glucosides (No. 380 B).
IV.—Ethyl ether and the esters (No. 382).
V.—Chloroform and chloral hydrate (No. 382).
VI.—General synthetic products (Nos. 346 F, 346 G, 278, 317 G, 350, 351, 383, 390).

	Groups.					
	I.	II.	III.	IV.	V.	VI.
France	33·0	42·5	42·5	57·5	40·0	51·5
Italy	60·5	43·0	42·5	17·0	40·0	33·0
Belgium	6·5	14·5	15·0	25·5	20·0	15·5

* In the French text—"les prix les plus bas auxquels ces mêmes produits ont été tarifés."

APPENDIX XXXIII.

DELIVERIES OF PHARMACEUTICAL PRODUCTS UP TO THE 31ST DECEMBER, 1922.

		Quantity (Kgs.).	Value (Gold Mks.).
France	Stock	29,879	176,148.67
	Daily Production	26,431	189,527.48
	Total	56,310	365,676.15
Italy	Stock	49,507	481,731.93
	Daily Production	268,797	2,073,392.82
	Total	318,304	2,555,124.75
Belgium	Stock	12,989	145,241.00
	Daily Production	203,306	1,398,533.93
	Total	216,295	1,543,774.93
Japan	Stock	1,401	5,696.13
	Daily Production	16,108	132,688.57
	Total	17,509	138,384.70
Serb - Croat - Slovene State.	Daily Production	123,445	1,570,828.89
Greece	Daily Production	201,194	1,769,134.18
Roumania	Daily Production	80,790	5,608,020.59
	GRAND TOTAL ...	1,013,847	13,550,944.19

APPENDIX XXXIV.

LIST OF ANIMALS DEMANDED FROM GERMANY IN EXECUTION OF PARAGRAPH 2 OF ANNEX IV OF PART VIII OF THE TREATY OF VERSAILLES.

DESCRIPTION.	GREAT BRITAIN.	FRANCE.	ITALY.	BELGIUM.	SERB-CROAT-SLOVENE STATE.	TOTAL.	Totals per category.
Brood mares	1	—	14,500	—	—	14,501	
Stallions	1	1,520	418	—	1,000	2,939	
Horses and mares ...		—	—	—	—	—	Horses—
Mules	7	149	5,000	550	52,200	57,906	165,346
Fillies	—	30,000	—	30,000	—	60,000	
Colts	—	20,000	—	10,000	...	30,000	
Bulls	—	10,000	2,175	—	5,000	17,175	
Cows and heifers ...	—	400,000	32,500	210,000	100,000	742,500	
Heifers not in calf ...	—	—	10,000	—	—	10,000	Cattle—
Draught oxen	—	—	6,000	—	52,000	58,000	927,675
Animals for breeding purposes.	—	100,000	—	—	—	100,000	
Boars and sows ...	—	—	15,250	—	—	15,250	Swine–15,250
Rams	—	1,855	300	—	20,000	22,135	
Ewes	—	275,000	20,000	—	400,000	695,000	Sheep—
Sheep	—	—	—	200,000	—	200,000	917,135
He-goats	—	165	—	—	—	165	
She-goats	—	25,000	—	—	—	25,000	Goats—
Cocks and Hens ...	—	800,000	—	800,000	—	1,600,000	25,165
Ducks	—	100,000	—	—	—	100,000	Poultry—
Geese	—	40,000	—	—	—	40,000	1,740,000.

APPENDIX XXXV.

MINUTES OF THE MEETING OF THE REPARATION COMMISSION HELD ON DECEMBER 1st, 1922.

TIMBER DELIVERIES TO FRANCE DURING 1922. TIMBER DELIVERIES BY GERMANY TO THE ALLIES. HEARING OF THE REPRESENTATIVES OF THE GERMAN GOVERNMENT.

1. The German Delegation was introduced.

2. The Chairman (M. Louis Barthou) asked whether the German representatives appeared before the Commission as the official Delegates of the German Government. The Commission had already given them a hearing on the subject of the timber to be delivered by Germany in 1923. They were now to be heard on the deliveries for 1922. He recalled that the extent of these deliveries had been notified to the German Government on March 31st, 1922. On August 28th the Commission addressed a letter to the German Government in which "it drew the German Government's most serious attention to the absolute necessity of its making the necessary effort to ensure the regular delivery of the quantities of timber prescribed by the Commission." How was it that since August 28th the German Government had not only failed to meet the Commission's wishes but had also not kept its own promises?

3. Herr Fischer stated that the German Delegation had received an official mandate from the German Government. The Reparation Commission had

informed the Kriegslastenkommission on November 25th that it wished the German Government to make arrangements to be heard by the Commission in the following week concerning the deficits in the deliveries of timber demanded for the year 1922. The Reparation Commission thus assumed that the German Government wished to be heard before the Commission came to a decision. The German Government had in fact considered it proper that the progress of the deliveries of timber in execution of the demands for 1922 should be now explained by its representatives before the Commission.

4. Herr Cüntze read the following statement: "On December 6th, 1921, in response to repeated questions as to what demands for timber it was to expect for 1922, the German Government received the first provisional verbal information as to the probable demands of the Allied countries. Although no specifications accompanied this information, and no formal demand from the Reparation Commission was as yet available, the Reichskommissar as early as December 15th, 1921, held a Meeting with the experts in order to enquire into the possibilities of supplying these quantities of timber. On January 3rd, 1922, the same question was gone into with representatives of the owners of communal and private forests. On January 10th, although no further information had reached the German Government in regard to the deliveries of timber to be expected, a discussion of experts took place with the Reparation Commission. At that Meeting, however, France made no statement as to her requirements of sawn timber. The protocols drawn up after this Meeting, which contained the specifications and technical conditions only reached the Reichskommissar at the end of January, and further correspondence was necessary to explain them. The definite orders only reached the German Government on March 31st, and the British orders only on April 20th. The Reichskommissar, although not in possession of definite and reliable information until these dates, as early as the middle of January made preparations, in spite of the insufficient information at his disposal, to ensure the execution of the deliveries.

5. "On February 11th, the Reichskommissar published a first statement of conditions and fixed February 27th as the final date for the submission of tenders. Previously, on February 8th, the Wiederaufbauministerium called upon the Governments of the German States to ensure in any case that the quantities of timber required for the reparation deliveries should be prepared and placed at its disposal. The Governments of the States then, without exception, expressed their readiness to meet the wishes of the Government of the Reich and to give the necessary orders. In particular they undertook to hold ready the timber required for sleepers and only to deliver it to purchasers who undertook under a contractual penalty to convert this timber into sleepers. In order to facilitate the supply by the States, the total order for sleepers was distributed amongst them.

6. "The result of the Reichskommissar's call for tenders, which had been accompanied by no limit for prices, did not fully cover the orders given, with the result that he was obliged to enter into further contracts for the private purchase of timber on the open market. Even this did not immediately supply all that was required, and the Reichskommissar continued his efforts to conclude further contracts and invited further tenders.

7. "At first, the deliveries under the contracts entered into appeared to proceed regularly. In consequence, however, of the heavy fall in the mark, which began in June, there was a sudden serious falling off which upset all expectations and brought the deliveries to a standstill.

8. "The Reichskommissar had concluded all his contracts on a basis of paper marks, since business in the timber trade in Germany was then only carried on on a basis of firm paper mark prices, and contracts on a sliding scale of prices had not then become usual in the timber trade. The execution of the contracts, however, gradually began to be accompanied by the following circumstances, owing to the fall in the mark: the contractors

could not cover their current requirements of raw material with the contract prices; at the same time, the prices did not suffice to cover the cost of exploitation, in particular expenditure on wages and transport. Those who had entered into contracts with the Reichskommissar were faced with the fact that if they carried out their contracts they would be ruined and in consequence they ceased deliveries. The Reichskommissar at first, as was his duty, attempted to exercise the rights given him under the contracts, in order to enforce deliveries. In certain cases he even seized and confiscated stocks. As soon as it became clear that he would not attain his object by these measures, he approached the Government of the Reich with the request to be granted the right to contract in future on a gold mark basis and asked that the execution of the contracts already concluded might be rendered possible by an increase in the prices agreed upon. Herr Cüntze would here point out that all the Government Departments of the Reich have long been forbidden to raise prices fixed by contract. In spite of the serious objections raised against the granting of the Reichskommissar's second request, in view of the effect on the other administrative authorities and on the finances of the Reich, which the grant of this right to one administration would have, the Government of the Reich, after a short discussion, granted the request and gave this exceptional authority to the Reichskommissar alone.

9. "By means of this authority the Reichskommissar was in a position by the middle of July to open negotiations for fresh contracts with the old contractors with a view to the resumption of deliveries. In a comparatively short time he had reached an agreement with the great majority of the contractors and restarted deliveries. Whilst it was thus possible to start deliveries again, much valuable time was lost through this unforeseen difficulty.

10. "Further considerable difficulties arose through the application of the conditions of reception. In a great many cases the Allied officials entrusted with reception applied stricter rules than were provided for in the orders or in the protocols. These were withdrawn in response to the complaints of the German Government, but there was again a loss of time, and delays in transport also resulted. Moreover, the German contractors affected, refused to continue deliveries under conditions opposed to the protocols and other contractors withdrew their tenders."

11. In reply to a question by the Chairman, Herr Schaeffer stated that these difficulties made themselves felt at the very beginning of the deliveries.

12. The Chairman pointed out that in its letter of August 28th the Commission stated that "The Allied Reception Service, not content with respecting the time limits laid down in the Protocols, have facilitated the task of the German Government to the point of receiving on the same day lots of timber which were presented on mere verbal notice." The deliveries had in consequence been considerably facilitated.

13. Herr Cüntze continued his statement:

"This year's deliveries in particular have shown that the demands of the Allied countries for types and dimensions of timber not common in Germany are a considerable source of difficulty to the German sawing industry. If these difficulties are increased by the manner of reception which the contractors consider savours of chicane, the supply of timber by the Reichskommissar is clearly rendered considerably more difficult.

14. "The results in purchases and deliveries attained by the Reichskommissar up to November 15th are known to the Reparation Commission. We have succeeded in assuring the supply of all the sleepers required by Belgium, and the sawn wood required for France has been bought. We are in a position to state with certainty that the trial delivery of 10,000 cubic metres of timber for Great Britain will be entirely executed by the end of the year. The 70,000 sleepers demanded have already been delivered.

15. "The position in regard to telegraph poles is considerably less favourable. The difficulty in supplying this material lies in the dimensions demanded by the Allied Countries, which renders a special sorting of the material available in Germany necessary. In consequence, in spite of the Reichskommissar's vigorous efforts, he has only been able to obtain tenders in small quantities some of which could not be accepted as they fall below the minimum quantities specified for reception. As a result of the strict execution of the conditions imposed for charging, a considerable number of poles bought by the Reichskommissar which corresponded with the sizes in use in Germany could not be delivered.

16. "Difficulties have arisen in the delivery of pit props owing to the fact that in the January negotiations timber in logs was demanded. On March 24th this order was changed to pit props deliverable in short lengths. All the short wood available from the 1921-22 felling season was exhausted by the end of March, with the result that in order to make up the quantities, supplies must be drawn from the new felling season which began on October 1st, 1922. The Protocol of deliveries dated March 24th takes count of this necessity since it extends the period for delivery to the end of February 1923. In all probability the delivery of the quantities specified will be completed by that date.

17. "There is a deficit in the sawn wood ordered by Italy of 65,000 cubic metres. Of this, 30,000 cubic metres had been purchased from a German firm through a contract to which the Italian Government had agreed. Afterwards, the Italian Reception Service at Wiesbaden introduced changes in the formalities of reception provided for in the contract and imposed conditions which were not imposed in the case of any other deliveries. Since the German firm refused to accept this change in its contract it had had to be released from it.

18. "This statement shows what serious efforts the Government of the Reich and the Reichskommissar have made up to date, with the support of the States and the German sawing industry. These efforts will be continued. As it may not be possible to deliver the whole of the quantities by the end of the time limit, the German Government requests an extension of the period for delivery and reception until April 1st, 1923. It makes the same request in connection with such of the telegraph poles as were to be received before November 30th. If this extension is granted a period of twelve months will have been accorded for the delivery of all timber, reckoning from the day of the reception of the orders (March 31st, 1922). Moreover, this period of twelve months for delivery was envisaged by the Allied experts who took part in the negotiations at the beginning of January. In view of the fact that the delays in the deliveries are attributable to circumstances over which the German Government had no control and were to some extent caused by delays in reception, this request appears equitable."

19. The Chairman, speaking as French Delegate, could not allow Herr Cüntze's last remark to pass without comment. It was true that in January the German Government had contemplated a period of twelve months from April 1st, 1922, for the execution of the orders, but in its letter of May 30th the Commission had refused its consent and maintained the dates fixed on March 31st. The German Government had the right to make any remarks which it considered necessary, but it must not base them upon a pretended consent of the Allied Governments which had never been given by the Commission, nor in particular, by the French Government.

20. Herr Fischer believed that Herr Cüntze had not based his remarks only on the statements of the Allied Powers. It had been understood during the first negotiations between the experts that the specifications had been so arranged as to allow of the completion of deliveries during a period of twelve months.

21. The Chairman, as French Delegate, wished to ask two questions: in the first place he noted that on March 31st, 1922, the programme for the 1922 deliveries of timber was notified to Germany. In the case of France this programme included sawn timber and telegraph poles. The delivery of sawn timber was to have been completed on September 30th. It was now December 1st and Herr Cüntze had stated that the situation was not unfavourable, but up to the present only 50 per cent. of the deliveries had been effected, although the time limit fixed by the German Government had already been exceeded by one month. Herr Cüntze had said that all deliveries would be completed by April 1st, 1923. When would the deliveries of sawn timber still to be made be completed? The uncharged telegraph poles should have been delivered on November 30th at the latest, and the charged poles on December 31st; but only 25 per cent. of the deliveries of uncharged poles had been completed at that date. By what date would the remainder be delivered? Did Herr Fischer himself accept Herr Cüntze's statement that all the Allied orders would be executed by April 1st, 1923? Did he personally assume responsibility for this statement, and was it to be regarded as a definite reply from the German Government?

22. Herr Fischer replied that the German representatives would have much difficulty in answering these questions immediately, when they did not know what further questions would be put to them by the other members of the Commission. He, therefore, requested to be allowed to await these enquiries before replying to the Chairman's questions.

23. The Chairman stated that he was obliged to note that when he had asked Herr Fischer whether he assumed responsibility for the statements made by another German Delegate concerning the date at which all the Allied orders would be executed, Herr Fischer had not replied. The Commission would draw the necessary conclusions.

24. M. Delacroix enquired in what proportions the different causes for the deficit had made themselves felt. He believed that the principal, if not the only factor, had been the circumstance that the agreements were concluded in paper marks and that the mark had subsequently fallen. The Government had then refused to make good the resulting fall in prices. But during what period had that taken place? It should also be pointed out that of 650,000 sleepers demanded by Belgium, tenders had been received for only 576,000, or 88 per cent., and of that quantity Belgium had received only 247,000, or 38 per cent. Was not the reason for this deficit the German Government's refusal to make good the fall of the mark? The German Government had demanded that the prices for deliveries in kind which it was obliged to make to the Commission, should be raised in proportion to the fall of the mark but it had not treated those who supplied it with timber in the same way.

25. Herr Cüntze replied that in his exposé he had shown the importance of the fall of the mark in regard to all deliveries. Additional delay was caused by the fact that the German Government had not immediately grasped the full effect of this fall. As he had pointed out, the German Government was not in the earlier part of the year in a position to alter the paper mark basis on which the contracts had been drawn up. Had it at once recognised the real cause of the cessation of deliveries it would have been able to find a remedy immediately, but the situation was only gradually cleared up, and the Reichskommissar had at first considered that he was faced with an ordinary breach of contract and had in consequence taken legal action in order to ensure fulfilment. Only when these measures had failed, and the full economic effects of the fall of the mark was recognised, did the Reichskommissar refer the matter to the Government, which with very little delay took the necessary action. The negotiations were conducted verbally to avoid any loss of time, and Herr Cüntze was not in a position to give any definite dates, but he would draw attention

to the fact that it was at the end of June that the effects of the heavy fall of the mark began to be really felt, and by the end of July the Reichskommissar was already empowered to negotiate fresh contracts.

26. Sir John Bradbury understood the German representatives' explanation to be that owing to the increase in the current price of timber the contract price fixed before the fall of the mark proved too low, and as a result deliveries were stopped. This was a very intelligible explanation; but this must have been the case in contracts of all kinds, and changes in prices must have been necessary from day to day. This, however, he understood had not occurred in connection with the timber deliveries, since the Reichskommissar had first had recourse to judicial measures. He wished to know whether precisely the same course had been followed in the case of the supply under contract of other commodities to the German Government.

27. Herr Cüntze replied that the difficulties met with in the supply of timber had in general made themselves felt in the case of all other contracts. In some cases, however, a sliding scale of prices was provided for, which allowed prices to be augmented. This, as he had pointed out, did not exist in the timber trade, and these deliveries were in consequence attended with special difficulties. Since, in the case of other commodities the difficulties were less, owing to the sliding scale of prices already common in certain trades, it could not in consequence be stated that the difficulties were the same in all cases.

28. Sir John Bradbury put his question in a simpler form: The German railways and other public departments were obliged to procure timber under current contracts. He enquired whether these departments experienced the same delay in obtaining timber.

29. Herr Cüntze replied that he was not in possession of information regarding all the different departments, but he was in a position to state that the Verkehrsministerium had experienced the greatest difficulty in obtaining the requisite supplies of sleepers that year. The difficulties of that department were all the greater because the Reichskommissar was the first to obtain the right to increase contract prices.

30. Sir John Bradbury pointed out that this aspect of the question was very important. He suggested that the German Government should prepare a statement of the delays experienced in the supply of timber for its own use. If these delays were the same as those experienced in the delivery of timber for the Reparation Commission the argument advanced would be a strong one. If, however, these delays proved different, he thought that the question required more explanation than it had received hitherto.

31. The Chairman noted from Herr Cüntze's statements that the Verkehrsministerium had only been able to obtain the quantities necessary to meet its requirements with difficulty. This, however, implied that these requirements had been satisfied, whilst the deliveries to the Allies had not been completed.

32. Herr Cüntze replied that he had been misunderstood; he had not meant to imply that the Verkehrsministerium had been able to obtain all the sleepers which it required. On the contrary, he knew that the numbers which it had received were many short of its requirements. Attempts had been made to procure the balance abroad, but even so its needs had not been fully satisfied.

33. Sir John Bradbury observed that there was no doubt that, owing to the position of the mark, current requirements could not be fully satisfied. What he wished to know was whether the degree of satisfaction under other contracts with the German Government had been the same as in the case of contracts for the delivery of timber to the Reparation Commission.

34. Herr Cüntze stated that he was not in a position to answer this question.

35. M. Delacroix noted two points, from which, however, he refrained from drawing any conclusion. In March, 1922, the German Government had

requested the Commission to pay prices fixed according to a sliding scale; the supplies of timber were even calculated in French francs. On the other hand, it was not till the end of July that the German Government applied, in the case of those who supplied it, the system adopted in the case of the Commission since the month of March.

36. Herr Fischer observed that he could not allow M. Delacroix's observations to pass without remark. He begged leave to return to them later.

37. The Marquis Salvago Raggi noted that Italy had up to the present only received 42 per cent. of her orders for resinous timber, 22 per cent. of the telegraph poles and 54 per cent. of the sleepers. Did Herr Cüntze think that the remainder could be delivered before April 1st, 1923?

38. Herr Cüntze stated that it was the firm conviction of the German Delegates that deliveries would be completed by April 1st.

39. The Marquis Salvago Raggi recalled that Herr Cüntze attributed the delay in the deliveries of timber partly to the stricter conditions imposed by the Services of Reception. The Italian Reception Services had, however, agreed to change the dimensions provided for in the Protocol and to demand only the dimensions usual in Germany.

40. Herr Zimmermann confirmed the Marquis Salvago Raggi's statement. The Italian Government had given its consent to a firm supplying timber which it had in stock. This was, however, a special case and difficulties had been caused at the end of April by the fact that the Italian receiving agents imposed stricter conditions than those allowed under the protocols. These conditions were subsequently withdrawn by agreement with the Reparation Commission, but time was lost, and certain contractors became alarmed and withdrew their tenders.

41. The Chairman asked how long would be required to creosote the telegraph poles. Was it possible to do this at any season of the year, and, in particular, could it be done during the winter?

42. Herr Strohmeyer replied that much depended upon the system employed. As far as he knew, however, the process could be carried out at any time during the year as the necessary preliminary drying of the timber could be effected by artificial methods. This answer applied particularly to sleepers. He was not sure whether the special conditions imposed in the case of telegraph poles would not occasion special difficulties.

43. The Chairman recalled that, according to a statement of one of the German Delegates, France would have the promised quantity of telegraph poles by April 1st, 1923, at the latest; another German Delegate, on the other hand, did not know whether it was possible to charge the poles during the winter. The Chairman contented himself with comparing these two statements; the Commission would draw the necessary conclusions.

44. Sir John Bradbury enquired whether Herr Cüntze's undertaking that the orders would be completed by April 1st next applied to the British order for 540,000 cubic metres of sawn timber, of which he understood 99-4/5 per cent. still remained to be delivered.

45. Herr Cüntze replied that his promise should not be taken as applying to the British order, with the exception of the trial delivery of 10,000 cubic metres, which he expected would be completed by December 31st. Before the rest of the order was delivered the technical conditions of delivery would have to be discussed at a meeting of experts, as was contemplated in the Protocol. If the trial delivery were completed by the end of December this meeting might take place in January or February.

46. M. Mauclère had heard one of the German Delegates inform the Marquis Salvago Raggi that the delay in the deliveries to Italy was due to difficulties encountered by the German Government in negotiating contracts with its suppliers. On the other hand he had learnt that tenders had been received for the supply of telegraph poles to Italy to the extent of 118 per cent. If this information was correct how was it to be reconciled with the reply made to the Marquis Salvago Raggi?

47. Herr Schaeffer replied that this was the case. The Italian demand for poles was reduced to 25,000. By precaution the Reichskommissar had bought 29,000.

48. Now that all Delegations had put the questions which they wished to ask, the Chairman reverted to the question which he had put to Herr Fischer. He asked Herr Fischer whether he took responsibility for the statement that all the 1922 orders for timber would be executed before April 1st, 1923.

49. Herr Fischer asked leave to withdraw with his colleagues in order to discuss their answer to the questions put by the Chairman earlier in the Meeting, which still remained unanswered.

50. The German Delegation withdrew, and the Meeting adjourned for fifteen minutes, at the end of which time the German Delegation was introduced and the Meeting resumed.

51. Herr Fischer wished first to refer to the remarks made by M. Delacroix. He pointed out that at the time referred to by the Belgian Delegate, prices in the timber trade were only fixed in paper marks. The German Government had reason to expect that it would have to pay gradually increasing prices in paper marks throughout the year. Negotiations were opened with the Belgian Delegation for fixing prices on a gold mark or franc basis with a view to covering the German Government's outgoings in its reparation account. The circumstances to which M. Delacroix had referred had not affected the Reichskommissar's relations with the contractors.

52. M. Bemelmans pointed out that in March, 1922, the Commission had been requested by the German Government to accept contracts on a sliding scale for the deliveries other than those of timber. In the case of the latter, prices had been fixed in French francs, the value of which had remained practically the same in relation to gold. Consequently, without risking any loss on reparation account, the German Government could have increased the prices in paper marks. It had been stated that the German Government had not the right to conclude contracts on a sliding scale for the purchase of timber. Why was this the case, when it was possible to do so for the supply of other commodities?

53. Herr Fischer observed that the question was extremely complicated. At the time referred to, a sliding scale of prices was not usual in the German timber trade, and in consequence the Reichskommissar was not in a position to increase prices to meet the fall in the mark. The Belgian deliveries were a special case in view of the negotiations which had been conducted with that country, but no prices had been fixed in the case of deliveries to the other Allied countries.

54. In regard to the questions put by the Chairman, Herr Fischer said that he reserved the right to transmit a written statement concerning the supply of sawn wood to France, as this question required to be dealt with at some length. He took full responsibility on behalf of the German Government for the declaration made by Herr Cüntze in regard to the completion by April 1st of the Allied orders both for timber and poles. He was only obliged to enter one reservation with regard to the timber for telegraph poles. Whether these poles could be charged as was laid down in the French specifications depended on the weather. It was not in any case certain that the winter would prevent the charging of these poles in accordance with the French specifications, but it was possible, if specially severe weather occurred in the opening months of next year, that it would prove impossible to complete the work of creosoting in time.

55. The Chairman said that, if he had understood Herr Fischer aright, he had declared that all the sawn timber due to France would be delivered before April 1st, 1923, and that the same would be the case for the telegraph poles, subject to the difficulties and delays which the weather might cause in the creasoting of these poles.

56. Herr Fischer replied in the affirmative.

57. The Meeting rose at 5.35 p.m.

EXTRACT FROM THE MINUTES OF THE MEETING OF THE REPARATION COMMISSION HELD ON DECEMBER 26TH, 1922.

DELIVERIES OF TIMBER IN 1922. NOTE BY THE *S.R.R.K.*

1. The Chairman, on behalf of the French Delegation, requested the Commission to note officially a default by Germany.

2. Sir John Bradbury understood that the Chairman was referring to the report which had been signed by the French Member of the Managing Board of the S.R.R.K. Sir John Bradbury did not quite understand why the French Government's demand had taken this form. The Services of the Commission were primarily inter-allied, although it was true that the Delegations had a call on a certain portion of the time of the Members of the Services. He supposed that the document in question had been signed by M. Boris, acting not as a member of the Service, but on behalf of the French Delegation, in the name of the French Government. It appeared to him very strange that the question should have been raised by the French Government, not in the Commission itself, but in a sense behind its back, in one of its Services.

3. The Chairman expressed his surprise at the astonishment shown by Sir John Bradbury. On frequent occasions he had spoken to the Commission of Germany's default in the execution of the deliveries of timber and had announced that he reserved the right from day to day of having the matter placed on the Commission's agenda. He had, therefore, the right to be surprised that this question of procedure should be raised at that meeting. In point of fact, if Sir John Bradbury had considered the procedure adopted by the French Delegation irregular, he might have drawn attention to it two months earlier. The Commission would then have considered the procedure; either it would have regarded itself properly informed of the question, or the Chairman would have brought it before it. He, therefore, did not accept the expression employed by Sir John Bradbury, since he was convinced that he had acted throughout the affair according to his custom and his character, with irreproachable loyalty. In any case, and whether there were or were not any difficulty in regard to procedure, he, as head of the French Delegation, brought officially before the Commission the question of Germany's default.

4. Sir John Bradbury did not in the least dispute the French Delegate's right to raise the question in the Commission. The Chairman had on several occasions referred to his intention to raise the question, and on each of those occasions Sir John Bradbury had not only admitted the French Government's right to bring it before the Commission, but had said that it was a part of a larger question of very great importance for France; indeed, it was largely owing to his representations that the present meeting had been held somewhat earlier than might have otherwise been the case. The grounds of his objection he would explain later; meanwhile, he accepted the situation that the French Delegate had at that meeting raised the question whether or not Germany had carried out her obligations for 1922.

5. The Chairman noted, in consequence, that, as Sir John Bradbury himself admitted, he had on several occasions brought the question before the Commission officially and unofficially. But further, the Commission had heard the German Government, in the first place on the programme of timber deliveries for 1923 and the programme of coal deliveries for the current quarter, and subsequently in a special hearing on the deficits in timber deliveries for 1922. These were the facts of the case, and Herr Fischer, when interrogated at the first hearing on the question of timber, had replied that he had no mandate to give an answer concerning the deficits in the deliveries for 1922. It was, however, useless to argue further on the regularity of the procedure adopted which could not be called in

question and the Chairman noted, in agreement with Sir John Bradbury, that the Commission was now regularly informed of the question of default.

6. Sir John Bradbury pointed out that in all questions of judicial procedure, the element of form was of exceptional importance, and for that reason he had raised it on that occasion. He agreed that the German Delegation had been given a hearing on the unsatisfactory execution of the timber deliveries for 1922. It had not, however, been heard on the question whether the unsatisfactory execution of those deliveries constituted a failure by Germany to carry out her Treaty obligations. Whenever, in the course of the meetings on the subject, Sir John Bradbury had heard the word "manquement" he had always protested against its use in that connection.

7. The Chairman did not think that any Minutes could be discovered in which there appeared the slightest protest against this expression. The deficit had on several occasions been referred to in the Commission, it had been entered on the agenda of the meetings, and the date on which it was to be thoroughly examined had been regularly and officially discussed. The Chairman would have preferred that Sir John Bradbury had raised this question of form earlier, for, had he foreseen it, he would have requested that the German Government should be heard on the default at the time when it was heard of the insufficiency on the deliveries. He doubted, however, whether anyone would be found who thought that in according a hearing to the German Government on the deficits, the Commission had not, in fact, given a hearing on the default. In these circumstances, the Chairman requested his colleagues to recognise that the Commission was officially seized of the question.

8. Sir John Bradbury observed, in order to remove any danger of a misunderstanding, that it was common ground between the Chairman and himself that the latter had frequently referred to the possibility of his having to raise before the Commission the question of a default by Germany. It was also common ground between them that the Chairman was entitled to raise this question. His objection was directed to the Chairman's observation as to the nature of the hearing of the Germans, and he thought that the Commission's records would bear out this objection. The German Government had fully explained the reasons which, to their mind, prevented the execution of the deliveries. As a result of their information and of its own inquiries, the Commission was in possession of sufficient evidence to pronounce on the German Government's culpability in the matter, without its being necessary to hear the Germans again on the question whether the German Government was guilty of a default as contemplated by paragraph 17 of Annex II. He was perfectly ready to address his mind to the question on the formal demand which reached the Commission that day.

9. The Chairman took note of this statement with pleasure, for he would have protested had Sir John Bradbury invited the Commission to give a fresh hearing to the German experts.

10. Turning to the substance of the question, the Chairman recalled the figures.

11. The French order, dated March 31st, 1922, included a supply of 55,000 cubic metres of sawn timber, which Germany undertook to deliver before September 30th, 1922. On November 30th the French Services had received 31,440 cubic metres, and as accurate a calculation as possible for the period from November 1st to December 15th justified an estimate of 35,000 cubic metres for the total deliveries up to December 15th.

12. In the case of the telegraph poles, Germany should have delivered 200,000 by November 30th; the deliveries up to that date amounted to 58,352, and were estimated as above at 65,000 by December 15th.

13. These were the facts of the case as shown by definite figures. Without referring to the discussion which had taken place in the S.R.R.K. and the Commission, the Chairman stated definitely that there had been no *force majeure* to explain or justify the situation. For this reason he appealed to

the terms of paragraphs 17 and 18 of Annex II and requested the Commission to note Germany's default.

14. Sir John Bradbury accepted the Chairman's figures, which agreed substantially, if not exactly, with those in his possession. The question, however, arose whether the delay in executing the deliveries of timber in accordance with the orders of the Commission constituted a default as contemplated by paragraph 17 of Annex II to Part VIII of the Treaty. Germany's obligations to make deliveries in kind during 1922 flowed primarily from the Treaty and the Schedule of Payments, but these obligations had been precisely defined and conditioned by the Commission's decision of March 21st, 1922. By that decision Germany was required to make deliveries in kind; "the equivalent in goods of 1,450,000,000 gold marks, of which 950,000,000 shall be delivered to France and 500,000,000 to the other Allies in so far as France or the other Allied Powers, or their respective Nationals, may call for such deliveries under the procedure of the Treaty, or any procedure approved by the Reparation Commission." It seemed probable that the figures of 500,000,000 for the deliveries to the Powers other than France would be approximately reached. In any case, the question whether or not there was any failure in the deliveries to Powers other than France was one which could not be determined for some days at least. As regards France, it was quite clear that the deliveries by Germany would not attain the figure of 950,000,000. In the case of France, however, the obligation upon Germany to deliver goods to the value fixed was not a definite one, but only to deliver goods to that value, "in so far as France or the other Allied Powers, or their respective Nationals, may call for such deliveries." The orders for coal and timber placed by France for 1922 amounted to 240,000,000 gold marks; France was further debited with 12,000,000 in respect of river craft deliveries, and with 1,000,000 in respect of Armistice deliveries; this made a total of 253,000,000, leaving 697,000,000 available for orders primarily intended for the restoration of the devastated areas. According to the best information in his possession, orders under this latter head had been placed to a value of 42,500,000 gold marks. Of these, 42½ millions, 10,000,000 were in respect of work to be done on mercantile shipping in the future, so that the amount likely to be debited against France in respect of 1922 amounted to only 32½ millions. Judged, therefore, by the orders actually passed by France, advantage had been taken of rather less than 5 per cent. of the 700,000,000 available. The point that Sir John Bradbury wished to bring out was the fact that the deliveries by Germany fell far short of the amounts fixed in the Commission's decision of March 21st was largely due to the French Government's failure for one reason or another to pass orders.

15. He called attention to this as illustrating that the difficulties in arranging these large commercial operations, as between one Government and another, were not wholly on one side. On the other hand, from the point of view of the strain upon Germany, the fact that such small orders had been passed under this heading was not an excuse for, but rather an aggravation of, the fact that Germany had not carried out the other orders. Neither the coal nor the timber deliveries had in fact reached the figure fixed in the Commission's programmes.

16. Sir John Bradbury understood, though the documents were not very clear on the point, that the French orders contained in the Commission's order for timber deliveries dated March 31st were placed under Annex IV, whilst the British orders were placed under paragraph 19 (2) of Annex II. In regard to the circumstances under which the Commission's orders were placed, Sir John Bradbury would point out that they had been placed at a date some time after the termination of the normal felling period for 1922. The preliminary negotiations in respect of these deliveries, however, went back to January, 1922, when the German Government made a certain offer of timber during the Cannes Conference. That offer included sleepers,

telegraph poles and sawn timber. Negotiations in regard to the latter item were conducted with the British representatives, as France at that time made no demand for sawn timber. When the formal order was transmitted to Germany, it had only proved possible to include a certain quantity of sawn timber for France, without exceeding the limits of the German offer, because Great Britain ceded a certain portion of the sawn timber for which the British representatives had negotiated. It was true that as regards France, the formal order had been couched in the form of a mandatory order and not of the acceptance of the German Government's offer. Sight should not, however, be lost of the fact that the Commission's order arose out of a German offer and had been accepted by the German Government in the form in which it ultimately emerged, with an express warning that it might not be possible to execute it in full.

17. In regard to telegraph poles—the item in which the shortage was greatest—a serious difficulty in the way of Germany's execution of the deliveries was that the specifications required were not deposited until very late and, when deposited, were for particularly large poles. Sir John Bradbury had considered with very great care the reasons advanced by the German Government for the shortage in the deliveries and also the allegations contained in M. Boris' letter to the S.R.R.K. He had found that there was a considerable amount of agreement between the German Delegation and the French Government as to the reasons for the delays. Thus M. Boris' letter contained the following statement: "The French Delegation merely states that, as shown by all the investigations made and in particular by the last consultation with the Heads of the Allied Services for Reception, the stagnation of the operations must be attributed mainly to the inadequate prices in paper marks offered to the suppliers by the German Government, which realises a considerable profit on the deliveries effected and must be held absolutely responsible for the non-execution of the tenders." According to both statements, the fundamental reason for the shortage in deliveries was the depreciation of the mark with, according to the French Government, the aggravated fact that the German Government had not adjusted the prices offered, as it should have done, to meet the fall. This question had been discussed very carefully with the German Delegation, and Sir John Bradbury had himself pressed the German representative very hard on the question, since he was anxious that the Commission should be in possession of the facts as to the extent to which the German Government had tried to cope with its real economic and financial difficulties resulting from the currency disturbance. He had in particular asked the German Delegate for information as to the manner in which the difficulties had operated in connection with the German Government's own contracts. He had been anxious to ascertain whether the same difficulties had attended the supplies to the German Government for its own use as the supplies for reparation purposes. He had also wished to ascertain whether the German Supply Departments had pursued the same policy in regard to their own contractors as that which the Reichskommissar had adopted in dealing with the contractors who delivered timber for reparation purposes. The German Delegate had been unable to give the desired information before the Commission, but had promised to do so later, and certain documents had in fact been received which, if they did not entirely clear up the situation, threw some light upon it. They made it quite clear that the German Government had met with some difficulty in obtaining its own supplies and that there had been a considerable shortage on some contracts for the supply of timber to the German State Railways. The insufficiency, as compared with the contractual amounts, in these contracts appeared to be proportionally smaller than in the case of deliveries for reparation orders. It should, however, be noted that the orders for the German Government's requirements had been placed at longer notice and that the material, as distinct from the financial, difficulties of execution,

were probably less. This was a partial but not complete explanation of the difference in the insufficiencies of execution in the two cases.

18. On the other question as to the similarity or the difference between the procedure adopted by the Reichskommissar in the case of reparation deliveries and that adopted by the German Government Departments in the case of deliveries for their own requirements, there was a little further information which threw a very interesting light on the question. It appeared that the policy pursued by the German Government Departments was to increase their contractual prices by comparatively small amounts at the same time as the depreciation of the mark became felt. It seemed clear, though the documents supplied by the German Government did not indicate this with absolute precision, that the Government Departments began this process before any parallel action was taken by the Reichskommissar. For a certain time, therefore, the Government Departments were making concessions to their own contractors, which the Reichskommissar refused to make to the contractors for reparation deliveries. On the other hand, at a certain date, about the beginning of August, the Reichskommissar made a very large concession to the contractors for reparation deliveries and placed the prices on a gold basis, whilst the Government Department up to that time had made, and for some time afterwards continued to make, only comparatively small concessions on the paper mark prices.

19. As Sir John Bradbury understood the position, the Reichskommissar, as judged by the standard of the German Government Departments, could fairly be regarded as guilty of culpable negligence in so far as he had shown a lack of proper zeal, since he had failed to take the necessary steps at the proper time to maintain sufficient supplies for reparation deliveries. When he did act, however, he had, to some extent, made up for his previous failings and had made more extensive concessions than the Government Departments. The measure of the German Government's responsibility for the shortage in deliveries was, therefore, the culpable negligence of the Reichskommissar in not increasing his prices as promptly as they should have been increased. There were, however, some mitigating circumstances; the period during which the negligence was shown was a short one—apparently only a few weeks—and owing to the currency depreciation, due in part to the financial mismanagement of the German Government, but in part to the uncertainty as to the course to be adopted by the Allied Powers and the Reparation Commission (in Sir John Bradbury's opinion the greatest cause of difficulty), the internal condition of Germany was such as to make the execution of any commercial operation very difficult.

20. Assuming a certain degree of culpable negligence on the part of the German Government, what was the proper remedy or sanction to apply? Germany's obligations in respect of deliveries in kind for 1922 were determined by the Commission's letter of March 21st, in which was to be found the following clause inserted, Sir John Bradbury believed, at the request of the French Delegate: "If the Reparation Commission finds, in the course of the year 1922, that deliveries in kind called for by France, within the limits of the figures above indicated, have not been effected by reason of obstruction on the part of the German Government or on the part of its organisations, or by reason of a breach of the procedure of the Treaty, or of a procedure approved by the Reparation Commission, additional equivalent cash payments shall be exacted from Germany at the end of 1922 in replacement of the deliveries not effected." To Sir John Bradbury's mind the sanction thus provided for took the place of any other procedure which might otherwise have been adopted by the Commission, since *generalia specialibus non derogant*.

21. He did not, however, base his argument exclusively on the decision of March 21st. In the demands for the delivery of timber conditions were included providing for penalties for a failure to execute the deliveries by the due dates. In the original protocol, it was stated that the Commission

would later fix penalties for the non-delivery by the dates fixed of telegraph poles and sawn timber. At a later stage, at the request of the French Delegate, the Commission did, in fact, fix penalties for non-delivery of the latter. Throughout the negotiations it had been perfectly clear that the Commission treated timber deliveries as something in the nature of commmercial contracts of which time was not the essence. In regard to the delays in the delivery of sawn timber, the penalties fixed by the Commission should be inflicted, and justice would then have been done. In regard to the telegraph poles, the Commission had stated that at some subsequent date it would fix penalties, this it should now do. At no stage in the negotiations had the Commission or its Services given any indication that a failure to execute the deliveries of timber would be held to constitute a voluntary default of Germany to carry out her obligations under the Treaty. No such suggestion arose until October 20th, when M. Boris, on instructions from the French Government, wrote to the S.R.R.K. the letter on which Sir John Bradbury had already commented.

22. In circles outside the Commission, it had been frequently stated that Germany was consistently and wilfully evading her obligations under the Treaty of Versailles. It had been alleged that the power given to the Commission, from time to time, to examine Germany's taxation with a view to seeing that it was at least as heavy as that imposed on any Allied Power signatory to the Treaty, meant that the German Government, without awaiting the result of any examination or demand from the Commission, should impose heavier taxation on its people. It had been stated that the failure to take such steps constituted a voluntary default in respect of the Treaty obligations. It had further been stated only two days previously that the terms of Article 248, forbidding Germany to export gold up to May 1st, 1921, operated to prevent Germany allowing her nationals to employ paper marks for the purchase of foreign currencies and that the failure to prevent this was a failure to execute that Article. This statement has been made by the French Prime Minister in the course of a speech in the Senate. Members of the Commission had heard statements that the Commission, an organisation set up by the Treaty to judge as fairly as it could having regard to its composition, between the German Government and its ex-enemies, had shown undue partiality to that Government. The Commission had been reproached for having made no report to the Allied Governments, such as that now proposed since May, 1921; it was to be given an opportunity to remedy that failure at that meeting.

23. The Chairman asked Sir John Bradbury to name the author of the statements which he was quoting, and on Sir John Bradbury replying that he was quoting from statements made by M. Poincaré, the Chairman noted that thenceforth the British Prime Minister's statements were at his disposal and that he had the right to discuss them in the Commission.

24. Sir John Bradbury agreed. Certain of the counts which might have been expected had probably, from motives of prudence, been eliminated from the indictment. Sir John Bradbury would have liked to have obtained the opinion of the Legal Service on the counts to which he alluded, but they did not appear in the documents as lodged, and the prosecution had relied on certain failures which, in view of the volume of the financial obligations under the Treaty, were almost microscopic. It might be expected that the diminution in the dimensions of the charge would have been compensated by its judicial impregnability, but Sir John Bradbury considered that he had successfully disposed of the indictment from the juridical point of view. The fact was that this trumpery accusation was only before the Commission at the moment as a preparation for an offensive in other fields Since, in the tenth year of the war, Troy fell to the strategem of the wooden horse, history recorded no similar use of timber. The situation was at present somewhat different; it was the fifth year of the Peace, and the city under attack was not Troy, but Essen.

25. The Chairman wished, first of all, to deal with certain statements and certain insinuations made in the course of his speech by Sir John Bradbury on points which were outside the competence of the Commission.

26. In the first place, as Sir John Bradbury had involved the French Premier in the question by quoting certain of his statements before the Senate, the Chairman had pointed out that he was thus given the right to adopt the same course in regard to the British Prime Minister, but he did not think it proper to make use of this right, although Sir John Bradbury had recognised it; the Commission must not live in an atmosphere of politics; its role was essentially judicial. Moreover, by quoting certain passages from the speeches of Mr. Lloyd George and Mr. Bonar Law, he would run the risk of having to inquire which British policy Sir John Bradbury invoked; it was neither his role nor his intention to do so. Moreover, M. Poincaré, the Head of the French Government, was responsible to the French Parliament and not to the Reparation Commission.

27. The Chairman had, in the second place, spoken of insinuations, and it should be quite clear from the outset that he did not use this expression in any sense which could offend the British Delegate. Once he had said this, however, he must recall Sir John Bradbury's statement that, in demanding that the Commission should take note of the default, the French Government was preparing to take up position with a view to a certain eventuality. Sir John Bradbury had subsequently explained his meaning by an express reference to Essen. This was a matter for discussion between the Heads of the Governments and did not concern the Commission; politics must remain outside its scope. Sir John Bradbury had, moreover, recognised this so clearly that he had been careful, with as much good-humour as wit, to delete the gravity which this phrase might have had, by rendering it clear that no more importance should be attached to it than he himself attached to it.

28. What was within the competence of the Commission was to decide whether Germany had been guilty of default within the meaning of paragraph 17 of Annex II. The Chairman would not call Sir John Bradbury's figures in question, any more than Sir John Bradbury had called his in question. Between the figures which they had each quoted, however, there was this difference, that those quoted by the Chairman directly concerned the question, whilst those quoted by Sir John Bradbury, however interesting they might be, only had a distant connection with it. Sir John Bradbury had, moreover, recognised that France had made very slight use of the right conferred upon her by the decision of March 21st, 1922, and that that circumstance, far from lessening Germany's culpability, only aggravated it. The less that was demanded, in fact, the better right there was to demand a proper delivery of what was demanded. This being the case, by what right were the French orders passed? Sir John Bradbury had expressed the opinion that they were passed under Annex IV, and the Chairman notified his agreement and pointed out that Annex IV afforded him stronger arguments than paragraphs 19 and 19 (2) of Annex II, in virtue of which, however, he would have maintained the rights of the French Government in the same manner. In point of fact, nowhere more clearly than in Annex IV was there specified the right of the Governments to demand, and Germany's undertaking to supply, deliveries in kind, with, as sanction, the Governments' right to request the application by the Commission of paragraph 17, when Germany did not carry out her obligation. It was, therefore, under Annex IV that the Commission had passed the orders for timber; Germany had promised to execute them, and had not kept her promise. When considering the circumstances of this fact, Sir John Bradbury had rightly recalled that in January, 1922, whilst making an offer of delivery, the German Government entered express reserves as to the possibility of executing it completely. This was true, but it was also true, as the S.R.R.K.'s report showed, that the quantities ordered were far below those requested by the Allied Governments, and were, moreover, for a total even less than those

proposed by the Germans on January 21st, 1921. If the note from the French member of the S.R.R.K., to which Sir John Bradbury had just referred, was short, the reason was that it merely noted incontrovertible facts which emerged from all the reports prepared by the S.R.R.K., and which it was useless further to insist upon.

29. Sir John Bradbury had laid much stress on the consequences of the depreciation of the mark. The question was whether the German Government could quote them as a case of *force majeure*. The Chairman would not insist on the reply to that question, which was given, not by the French Government, nor by the French Delegation, but by the S.R.R.K.: "The S.R.R.K. can merely repeat that the principal cause of the present situation is the fact that the German Government has not itself taken definite action to enable the execution of the necessary felling and to work and deliver the timber to the Allies." Before drawing a comparison between the reparation orders and the orders of the German Services, Sir John Bradbury had asked the German Delegation to inform the Commission whether there had been delays in the deliveries to the German Government Departments, and, in particular, to the railways of the Reich. The Chairman did not think that the Commission could place the same value on the reply from the German Delegation in regard to the railways as Sir John Bradbury. The Chairman admitted the figure 57 per cent. as the coefficient of satisfaction for the railways, as he had no means of checking that figure. On the other hand, the coefficient of satisfaction in the case of Belgium was 49 per cent., and 54 per cent. in the case of Italy, if the quantities received in Germany were taken, and fell to 38 per cent. in the case of Belgium and 29·5 per cent. in the case of Italy, if the quantities which had passed the frontier were taken. Sir John Bradbury had, however, made an observation in this connection, the importance of which could escape no one's attention. The point noted in connection with the railways alone did not suffice, as was pointed out in the report from the S.R.R.K., and the German reply was insufficient; the British Delegation had also recognised that the Reichskommissar had showed a lack of zeal or culpable negligence. Sir John Bradbury had, moreover, found extenuating circumstances in connection with this negligence, but in all the financial difficulties of Germany even the experts chosen by the German Government itself had noted the insufficiency of the measures taken by that Government in carrying out the Commission's unanimous decision of March 21st, 1922, for the amelioration of the financial situation, and the Chairman did not think that any extenuating circumstances could efface this clear negligence.

30. Sir John Bradbury, in order that there should be no misunderstanding, pointed out that he had stated that the German Government had only shown culpable negligence in respect of the definite period between the time when the depreciation of the mark became catastrophic and the time when the Reichskommissar placed the prices on a gold basis. He had no exact information, but this period only seemed to have lasted a few weeks.

31. The Chairman had no better information on this point than Sir John Bradbury, for the German Government had shown no particular zeal in giving the Commission information. It was possible that what Sir John Bradbury said was correct; it was none the less true that there had been culpable negligence. They were agreed on the facts and the figures, but Sir John Bradbury interpreted these to mean that there was only a "microscopic" default. This was not the Chairman's opinion. Germany had to deliver 55,000 cubic metres of sawn wood by September 30th; she had up to the present delivered 35,000 cubic metres three months late. She should have delivered 200,000 telegraph poles, the reception of which should have been completed by November 30th; she had delivered 65,000 by December 15th. There was here a considerable and undeniable deficit. Since August 28th the Commission had warned the German Government formally; it had... "called the attention of the German Government most imperatively to the absolute necessity of making greater efforts to carry out in their entirety

the deliveries of the quantities of timber prescribed by the Reparation Commission " . . . The Chairman could not consider this warning as of no importance, and he was sure the Commission would share his opinion, but Germany had taken no notice of it. The truth of the matter was that she had not been willing to increase her output. This was a fact to which the embarrassment and hesitation of her representatives bore witness, and had been noted, not by the French Delegation, but by the S.R.R.K.

32. The Commission now had before it three proposals: a German proposal to extend until April 1st the period for delivery; Sir John Bradbury's proposal to apply certain sanctions which he considered had been defined by the Commission's decision of March 21st, 1922; and the French Delegation's proposal purely and simply to apply the Treaty, of which the Commission was the instrument and which it had the duty to execute.

33. The Commission had already had an experience of what occurred when an extension was granted; in September Germany had promised that all the deliveries of sawn timber would be completed by the end of the year. Moreover, in the case of the 130,000 poles still to be delivered, a delay of three months could not be accorded in view of the difficulties of creosoting in the winter. Finally, the German request would result in nothing less than compromising the execution of the 1923 programme, to which she wished to charge all the deliveries thus adjourned in order to make a reduction for both years. The Chairman, therefore, hoped that the Commission had made up its mind on the question of a further adjournment, and that it considered this unacceptable.

34. He would next consider Sir John Bradbury's proposal, based on the letter of March 21st, 1922, which raised a very simple question of law. According to Sir John Bradbury the particular, in the present case, this letter, was an exception to the general, in other words, the Treaty. Had the Commission been seized spontaneously with Germany's default, the Chairman might, with certain reserves, have accepted Sir John Bradbury's hypothesis. But this was not the case; the Commission had before it an official demand from the French Government based on the Treaty. It was impossible for a letter of the Commission to have the effect of cancelling the Treaty. The Treaty remained; the orders had been passed in virtue of Annex IV, and the sanctions in case of the non-execution of that Annex were specified in paragraph 17 of Annex II. This was the juridical situation, and the Commission could not reply to the French Government by substituting for the Treaty which it was requested to apply, the letter of March 21st.

35. No one would deny that Germany had not made the effort which it was incumbent upon her to make. Did her failure to do so constitute a default? The Chairman replied most definitely in the affirmative, and invited the Commission to state that Germany was guilty of a default within the meaning of paragraph 17. It would be for the Governments to act on that notification as they considered proper. Were the Commission to refuse to follow the suggestion of the French Delegate, it would act entirely within its rights. If it noted the default, paragraph 17 authorised it to indicate what in its opinon would be an adequate sanction, without however granting it the right through its proposals to place any obstacle in the way of any other sanctions which the Governments might decide to apply. The Chairman, however, would not for the moment deal with that question, which should not be confused with the one to which he had first referred.

36. Sir John Bradbury was forced to make two observations as the result of the Chairman's concluding remarks. In the first place, the Chairman had treated the letter of March 21st with comparatively little consideration, as perhaps he was entitled to do, since he was not at that date a member of the Commission. The signatories to that letter could not, however, treat it in the same way. In the execution of its terms, the good faith—Sir John

Bradbury thought of the Commission as an institution—and in any case of the signatories of the letter was involved. Any decision amounting to the repudiation of its terms would be inconsistent with Sir John Bradbury remaining a member of the Commission.

37. The Chairman stated that from the moment when he had entered the Commission, he had considered himself bound by all the decisions taken before his arrival.

38. Sir John Bradbury observed that his second point was perhaps more important. If the Commission declared Germany to be in default within the terms of paragraph 17 of Annex II, though not obliged to do so, the Commission might make certain recommendations as to the action to be taken by the Allied Powers. Whether it made any recommendations or not, paragraph 18 defined that action. The Chairman had entered a reserve as to any rights which the French Government might possess under that paragraph, and before the Commission decided to take note of any default it should consider what rights could thus be reserved. The interpretation of paragraph 18 depended on the Commission which had received a mandate by the contract of the Allied Powers with Germany to interpret the portion of the Treaty in which it figured. Very grave difficulties had arisen in connection with the interpretation of this paragraph, and certain Powers had maintained that the words " and in general such other measures which the respective Governments may determine to be necessary in the circumstances," were to be read absolutely at large as enabling any Allied Power, notwithstanding the definite provisions in other portions of the Treaty limiting the extent of the territories to be occupied, to extend the area of military occupation. This was a question of vital importance for the peace of Europe, which could only be decided by a unanimous decision of the Commission. The Commission ought not to allow the question to escape out of its control until it had definitely laid down, as it alone could, the definite and authoritative interpretation of that paragraph.

39. Before replying to Sir John Bradbury, the Chairman asked whether his observations constituted a proposal.

40. Sir John Bradbury did not yet know what view the Commission would take in regard to the French Government's demand that it should note a default under paragraph 17 of Annex II. Until a decision had been reached on that question, or at any rate until the proposals in their entirety were before the Commission, it would be difficult to formulate any proposal.

41. The Chairman would not discuss the second question raised by Sir John Bradbury. If the Commission were obliged to refuse to note the default there would be no object in provoking a particularly delicate debate on the consequences which might be entailed by its decision. He would merely state that his opinion on paragraph 18 was entirely different to that held by Sir John Bradbury.

42. Sir John Bradbury had as yet no opinion as to paragraph 18. If any of his colleagues would express an opinion he would be ready to discuss it, but he thought that in general any discussion on juridical questions was undesirable until they were definitely before the Commission.

43. The Chairman would merely point out, without entering into any discussion, that his opinion as to the interpretation of paragraph 18 differed from that of Sir John Bradbury; he considered that this interpretation was not within the competence of the Commission, but he must revert to an observation of Sir John Bradbury's which referred precisely and directly to the decision to be taken. Sir John Bradbury had stated that the Chairman did not perhaps attach a sufficient importance to the letter of March 21st. The Chairman had already stated that he attached the greatest importance to all the Commission's decisions. He must add that he had the same right to interpret that letter as his predecessor who had signed it would have had. He, therefore, gave his opinion: there were

two distinct spheres that of the Governments and that of the Commission. In the present question the Commission had not spontaneously approached the question of the action to be taken in consequence of Germany's deficits; it was the French Government, and the French Delegate on its behalf, which had invited the Commission to take note of them. It was, therefore, the Treaty which must apply in this matter and it was the Treaty which the Commission must consider by itself and not in regard to consequences which were outside the responsibility of that body. In this connection Sir John Bradbury threatened to resign. What would he have thought if one of his colleagues made the same declaration in advance? When judges were in deliberation it was not usual for one of them to state before the verdict was given that he would hand in his resignation if the verdict of the court was not in accordance with his wishes. It was to his Minister of Justice that the judge would hand in his resignation if he considered proper. In the same way the resignation of a Delegate only concerned his Government. Sir John Bradbury would certainly respect his colleagues' independence and liberty of judgment and would not raise the question of confidence, as he would doubtless be sure that the Commission would consider the question on its merits, in accordance with justice and equity.

44. M. Delacroix wished to express an opinion apart from any consideration of politics and solely in his judicial capacity. It was clear that Germany had not supplied the quantities provided for, and the Treaty employed the word "default" to define such deficiencies and delays. It was certainly in connection with timber that the situation was most serious; the Commission had on several occasions informed the German Government of the importance which it attached to these deliveries, and M. Delacroix personally had continually called the German Government's representatives' attention to the seriousness and the unavoidable consequences of a default. He was by no means convinced that the fact that prices on a sliding scale had not been stipulated formed a sufficient explanation, for in point of fact as early as the month of May the Belgian Government had agreed that the prices for its orders should be fixed in French francs and, when these were compared with the actual gold mark prices, it was evident that they were amply sufficient to allow the German Government to remedy the situation. On the other hand, even had there been difficulties in the way of the supplies for the railways and German departments, this would not excuse a similar negligence with regard to the Commission. In point of fact, in M. Delacroix's opinion, the evil arose from the fact that the German States which owned large quantities of forests had succumbed to the state of mind common in Germany, "Flight from the Mark," and preferred the gold value represented by the standing trees to paper marks whose value continually decreased. It was to this that the ill-will which they had shown when invited to begin felling was due. The proof was to be found in the fact that, of the 200,000 telegraph poles ordered according to the proposals of the German Delegation at Cannes, they had only submitted about 77,000. From that moment Germany knew that she would not be in a position to supply the quantities demanded. M. Delacroix then read the following motion adopted at a meeting at Wurzburg at the general meeting of the Union of South German Sawyers, concerning the delivery of timber to the Entente: "The felling of the quantities of timber to be delivered to the Entente to an extent in conformity with German economy and the covering of each of the deliveries to the Entente by special felling to enable reparation to be carried out."

45. This was all that the S.R.R.K. had ever demanded; special circumstances justified special cutting, which, moreover, the Germans had never hesitated to effect in the occupied countries. M. Delacroix, therefore, considered that the Commission would not be able to justify before public opinion a refusal to note default by Germany in view of so serious deficits. There remained the question of the letter of March 21st; in this connection

he certainly had no intention to repudiate his signature, but could not admit that by that decision the Commission had desired to modify the Treaty and to renounce a right there provided for. Moreover, renunciations were not to be presumed. The Commission had often provided for certain commercial penalties; that in no way deprived it of the right to recognise a fact and to report it to the Governments, especially when it was requested to do so by one of the Governments concerned.

46. Signor d'Amelio thought that in the first place the decision should be confined to the question of fact, and that the question whether the rights of the Governments to impose sanctions were or were not reconcilable with the sanctions provided for in the decision of March 21st, should be adjourned till later. On the question of fact as to the insufficiency of the deliveries to the Allies, it was possible to reach an agreement. Sir John Bradbury had, in fact, recognised that Germany had shown culpable negligence in regard to the deliveries of timber for 1922, in spite of attenuating circumstances of which he was inclined to give her the benefit. This culpable negligence was nothing less than a default, and, in consequence, on that point the Commission's decision should be unanimous, as otherwise its value would be diminished.

47. Signor d'Amelio proposed that this question of fact should be voted upon separately, and that the consequences of the default should then be considered. In this connection, it was for the Commission to suggest sanctions to the Governments. As a sanction was provided for in the letter of March 21st, Signor d'Amelio asked that it should be agreed that, in denouncing Germany's default to the Allied Governments, the Reparation Commission should point out that it had already notified a special sanction to that country in regard to this default. The Allied Governments would then have to decide to what extent they considered themselves bound to adopt this sanction. This was the only way of reconciling the obligation imposed upon the Commission by paragraph 17 to report Germany's default immediately to the Governments—an obligation which the Commission would not wish to avoid—with the position in which the Commission found itself as a result of the letter which it had despatched to Germany on March 21st.

48. Sir John Bradbury would have no objection to deciding that the German Government had not carried out the deliveries of timber as prescribed in the Commission's orders. This was a self-evident fact which was already admitted, but a resolution by the Commission to that effect would not carry it one step towards a solution of the problem at issue. It was a possible course to take a resolution to this effect and then proceed to discuss what should be done in the circumstances, but it would not mark any progress towards a solution of the question whether or not there had been a default in the execution of the Treaty of Versailles. He saw little advantage in separating the decision and thought it best that the question should be put quite briefly as to whether or not there had been a voluntary default. It was necessary to make the Delegates' intentions clear and to have a simple resolution on which they could vote either "aye" or "no." There was one point, however, upon which the Commission should be quite clear: Paragraph 17 merely spoke of "a default," Paragraph 18 taking up the reference to a "voluntary default." He had himself read the word "voluntary" into Paragraph 17 also and understood that his colleagues agreed with this reading.

49. The Chairman stated that on this point he entirely agreed with Sir John Bradbury. Like him, he had been struck with the fact that the word "voluntary" was not used in Paragraph 17 to qualify the default. He thought that Paragraph 17 must be interpreted like Paragraph 18, and that to bring Paragraph 17 into play, the default must be voluntary.

50. M. Delacroix shared this opinion, but pointed out that, hitherto, this interpretation had not been given, when, for instance, the Commission drew attention to the deficit in the case of coal.

51. Signor d'Amelio expressed his agreement; clearly Germany would not be responsible if the default were not voluntary.

52. The Chairman had prepared a text, which took into account the observations exchanged concerning the procedure to be adopted for the vote. He put to the vote the following proposal:

53.—(1) *The Commission notes that Germany has not executed in their entirety the orders passed under Annex IV, Part VIII of the Treaty of Versailles, for deliveries of timber to France during 1922.*

54. Sir John Bradbury, M. Louis Barthou, Signor d'Amelio, and M. Delacroix voted in favour of this proposal, *which was in consequence adopted unanimously.*

55. The Chairman then put to vote the second proposal:

56.—(2) *This non-execution constitutes a default by Germany in her obligations within the meaning of Paragraph 17 of Annex II.*

57. M. Louis Barthou, Signor d'Amelio, and M. Delacroix voted for this proposal. Sir John Bradbury voted against. *The proposal was thus adopted by a majority.*

58. Signor d'Amelio proposed to recall to the Governments concerned the terms of the letter of March 21st.

59. The Chairman agreed, if it was clearly understood that this did not constitute a "proposal" within the meaning of Paragraph 17, nor even a suggestion, but merely an indication, and that the liberty of the Governments remained unaffected.

60. Signor d'Amelio expressed his agreement with the Chairman.

61. The Chairman, Signor d'Amelio, and M. Delacroix voted in favour of this proposal. Sir John Bradbury abstained from voting, not because he disagreed with the proposal—indeed, he thought that if a report to the Governments were made it was essential to call attention to the Commission's existing commitments—but because he was unwilling to associate himself in any way with the decision just taken.

62.—(3) *It was in consequence decided by a majority, the British Delegate abstaining from voting, to recall to the Governments concerned that in its letter of March 21st, 1922, fixing the payments to be made by Germany during the current year, the Commission had made the following statement:*

63. "*If the Reparation Commission finds, in the course of the year 1922, "that deliveries in kind called for by France or her nationals, or by any "other Power entitled to Reparation or its nationals, in accordance with the "procedure laid down by the Treaty or in virtue of a procedure approved "by the Reparation Commission and within the limits of the figures above "indicated, have not been effected by reason of obstruction on the part of "the German Government or on the part of its organisations, or by reason "of a breach of the procedure of the Treaty, or of a procedure approved by "the Reparation Commission, additional equivalent cash payments shall be "exacted from Germany at the end of 1922 in replacement of the deliveries "not effected.*"

64. Sir John Bradbury observed that there were one or two points on which he would like to reflect. This was the first occasion on which a report of this nature was to be made to the Allied Powers as the result of a decision by a majority. It was his duty to report his own views to his Government, but he was not sure, having regard to the Commission's corporate capacity, whether those views ought to be transmitted to the other Governments. Annex II laid down that each Delegate was responsible only to his own Government, and this would lead him to believe that he was only obliged to report to his own Government, which would be entitled to publish his report or not as it thought fit, but in view of the importance of the whole matter the opinions of both the majority and minority might be well reported to

all parties, including the German Government. He would, therefore, like time for some further reflection and an opportunity to raise the question at that afternoon's meeting.

65. The Meeting was adjourned at 1.20 p.m. and resumed at 3.30 p.m.

66. Sir John Bradbury, at the morning's meeting, had asked for some time for reflection before making any observations on the decision which had been taken by a majority. Hitherto, in all important matters, and more particularly in the case of the three reports to the Allied Powers of a default by Germany in her Treaty obligations, the Commission had been fortunate enough to be unanimous; the fact that a decision had now been taken by a majority created a new situation. Sir John Bradbury accepted the Chairman's suggestion that this decision of the majority represented the finding of the Court, but the opinion of the minority was entitled to such weight as was due to it on its merits. That being so he read the provision of the Treaty, that each Delegate was responsible to his own Government alone, to mean that when he had made his report to his own Government he would have fulfilled his duty. It seemed to him essential that the letter addressed by the Commission to the Allied Governments should show that the decision had been reached by a majority and how the majority and minority were constituted; the proposed draft satisfied these requirements, and he had no further remarks to make on it. He merely proposed, and he was perhaps taking a liberty in doing so, but his colleagues agreed that the record of proceedings on the Commission's minutes should be as complete as possible, to make a short statement as to the causes which had rendered it impossible for him to associate himself with the decision.

67. To his mind, the Commission had had two duties during the last few months; the first was under Article 234 of the Treaty for the protection of Germany, to adjust the burden on the German Reich according to its capacity of payment; the second was in the interest of the Allied Powers to watch over the manner in which the burden was being carried and Germany's obligations were being fulfilled. The performance of the first duty, as his colleagues were well aware, had been surrounded with many difficulties. On August 31st, 1922, in reply to the German Government's application for a Moratorium in respect of cash payments, the Commission decided to defer its decision until it had completed its scheme for the radical reform of German public finance, including "(*a*) the balancing of the Budget; (*b*) in the event of the Governments represented on the Reparation Commission giving their prior consent thereto, the reduction of Germany's foreign obligations in so far as might be considered necessary for the restoration of her credit." In proposing this resolution, which was ultimately carried unanimously, M. Delacroix had employed the following language: "A request to that effect (that the Commission should be entrusted with the examination of the general situation in Germany) was, moreover, addressed to the Allied Governments in the text of the proposal itself, and M. Delacroix was ready to undertake, if their deliberations were not to take place very shortly, to make an official and very clear request at the proper time that the task should be conferred on the Commission of making all inquiries under that head with the necessary powers which Article 234, according to some interpretations, did not afford it. Thus the Delegates would have laboured, not only in the interests of the Commission itself, but also in those of the economic restoration of the world." At that date the pound sterling was worth 7,000 marks.

68. For certain reasons, no proposal for any modification in Germany's obligations was submitted until October 4th, when Sir John Bradbury himself submitted a plan. At that date the pound sterling was worth 9,500 marks. That plan did not commend itself to his colleagues, and 14 days later the French Delegate submitted another scheme, when the pound sterling was worth 12,600 marks. In this latter plan an objection was raised to anything

in the nature of a moratorium unaccompanied by securities, and the observation was made—he was paraphrasing, but he hoped not misrepresenting the sense—that it was impossible to say how far Germany's burdens could be adjusted without considering how far the Allies were in a position to bear the burdens represented by their mutual indebtedness. It was therefore considered by the French Delegate better that the request should not be dealt with until the question had been discussed by the Allied Powers. The words employed were the following: "The Reparation Commission would desire to do nothing which might interfere with the work of this Conference, delay its opening or compromise its success." Sir John Bradbury had acquiesced in this procedure, although he had always been strongly of the opinion that the duty of adjusting Germany's burden to her capacity to make payment was incumbent upon the Commission, and should be discharged by the Commission itself.

69. Whilst the Commission's duties under Article 234 were thus in suspense, it was very difficult for it to carry out its other duty of watching over the manner in which Germany carried out her obligations. The situation in Germany was generally recognised, not only by every member of the Commission, but by many Allied statesmen as very serious, so serious, indeed, that the performance of any of her duties under the Treaty became a matter of great difficulty, if not almost impossible. For instance, Sir John Bradbury believed, though he spoke subject to correction, that the value in German currency of the coal deliveries specified in the Commission's programme was greater than the whole revenue of the Reich.

70. The Chairman would not embark upon any discussion of this point, but he reserved the right of demonstrating later that if Germany were willing to employ in the payment of reparation, the revenues of all the States which went to make up the Reich, she would be in a position to bear the burden of reparation easily.

71. Sir John Bradbury pointed out that he was merely giving an illustration of the present situation. It was true that there were other German States besides the Reich, but he thought it was none the less a fact that the value of the coal deliveries demanded exceeded the total revenues of the Central German Government.

72. An American observer had said that at the present moment Germany was like a machine, the motive power of which had disappeared but which continued to run on its momentum. It was a matter only of months or even weeks before the machine would stop. This view might be right or wrong, but, in view of the present situation in Germany, it appeared to Sir John Bradbury as approaching an absurdity for the Commission to take a decision in regard to Germany's performance of certain particular obligations without regard to the general situation and the very important inter-allied conference which was shortly to take place. He was, moreover, not sure that such a decision by the Commission satisfied the conditions laid down in the French Delegate's memorandum. It could not delay the opening of the Inter-allied Conference as it had already been opened in London; he could only hope that it would not compromise the success.

73. The Chairman noted that Sir John Bradbury had concerned himself with the French Delegate's position, and had expressed the opinion that the latter had contradicted himself by demanding that a default should be noted when he had proposed not to reply to Germany's request for a moratorium until the question had been discussed by the Allied Governments. He had no fears of having been betrayed into a contradiction; the default was in Germany's obligations for 1922, and not those for the following years.

74. The Chairman proposed that the Commission should consider the draft prepared by the General Secretariat of the letter to the Powers concerned.

75. Sir John Bradbury did not wish to criticise a letter to which he was not a party, but he considered it might be desirable to state that the default

notified to the Powers was voluntary. The point would be met if the Commission took a formal interpretation on paragraph 17.

76. The Commission proceeded to a formal interpretation of the Treaty on this point. (*See* below.)

77. The General Secretary asked to which Powers the letter should be addressed. On the three previous occasions on which Germany had been reported in default under the Treaty of Versailles, the Commission had not always adopted the same course. On the occasion of the notification of a default in coal deliveries, a letter was addressed to Great Britain, France, Italy, Belgium and the United States. On the occasion of the notifications of Germany's defaults in respect of Article 235, in March and May, 1921, the letters were addressed to the Governments of all the Powers which had submitted claims to reparation. Later, in the case of a default by Hungary, the question had been raised whether the notification should be addressed to the principal Powers or to those which ought to have received the deliveries which were in arrears, and it had, in fact, been decided that the default should be notified to all the Powers represented on the Commission when it dealt with Hungarian affairs.

78. *It was decided on the present occasion to understand by the phrase "interested Powers" in paragraph* 17 *of Annex II, Great Britain, France, Italy and Belgium. A copy of the letter addressed to these four Governments would be despatched to the Government of the United States of America.*

79. The General Secretary enquired whether the German Government should be notified and, if so, whether it was to receive a copy of the letter addressed to the Allied Powers, or whether a special letter should be drafted for the purpose.

80. Sir John Bradbury pointed out that there was no obligation upon the Commission to notify the German Government, but on all previous similar occasions, both under the Treaty of Versailles and that of Trianon, a notification had been sent to the peccant Government. This course had obvious advantages, since the object of the notification was the transfer of responsibility in the matter from the Commission to the Allied Powers. As the Commission had disinterested itself in the matter, the German Government ought to know to whom it should make any representation. As to the disadvantage of letting Germany know that the decision had been taken by a majority, he pointed out that it would in any case be impossible to keep this fact secret for 24 hours.

81. The Chairman thought that it was for the Allied Governments to notify the decision taken by the Commission to the German Government, and that the Commission was not bound to assume a responsibility not its own. He put this question to the vote.

82. Sir John Bradbury voted in favour of this communication. M. Louis Barthou, Signor d'Amelio and M. Delacroix voted against.

83. M. Delacroix thought that it should be left to the General Secretariat by way of courtesy to make a verbal communication to the German Delegation. This was agreed.

84. The General Secretary assumed that the Commission would desire to issue a communiqué to the Press, in which case he would propose to issue nothing till the following morning, in view of the fact that some of the Governments concerned could not be in possession of official news before then.

85. The Commission agreed to the issue of a communiqué and left its terms to the discretion of the General Secretary.

Formal interpretation of Paragraph 17 of Annex II, Part VIII of the Treaty of Versailles.

1. *The Reparation Commission in the exercise of its powers of interpretation under paragraph* 12 *of Annex II, Part VIII of the Treaty of Versailles,*

decided that the word "default" in paragraph 17 of the said Annex had the same meaning as the expression "voluntary default" in paragraph 18 of the same Annex.

2. Sir John Bradbury, M. Louis Barthou, Signor d'Amelio and M. Delacroix voted in favour of this interpretation.

APPENDIX XXXVI.

PRICES TO BE APPLIED TO TIMBER DELIVERIES IN 1922.

(France, Italy and Belgium.)

Railway Sleepers.

	Gold Marks.
(a) *Creosoted sleepers, French type* (Italy and Belgium):	
Oak, series 1	7.58
,, series 2	7.04
,, series 3	6.43
Beech, series 1	7.33
,, series 2	6.68
,, series 3	6.14
(b) *Uncreosoted sleepers, Belgian type* (Belgium):	
Oak, half round, 14/28	6.14
,, half round, 13/26	5.23
,, squared, 13/26	6.14
,, squared, German type, 15/24-25	6.86
Beech, half round, 14/28	5.14
,, half round, 13/26	4.33
,, squared, 13/26	5.14
,, squared, German type, 15/24-25	5.78
Pinus sylvestris, squared, 14/26-28	5.23

Telegraph Poles.

Italy—Pinus sylvestris, fir and épicéa, creosoted:	
Poles 6.50 metres in length	7.31
,, 7.50 ,, ,,	9.97
,, 8.50 ,, ,,	12.52
Belgium—Pinus sylvestris poles, uncreosoted:	
Poles 7.50 metres in length	7.58
,, 9.00 ,, ,,	10.47
,, 10.00 ,, ,,	12.27
,, 10.50 ,, ,,	13.36
,, 12.00 ,, ,,	17.33
,, 14.00 ,, ,,	27.08
,, 17.00 ,, ,,	43.32
,, 20.00 ,, ,,	60.65
,, 22.00 ,, ,,	67.51
France—Creosoted poles pinus sylvestris, fir and épicéa:	
Poles 8 metres in length	8.13
,, 10 ,, ,,	12.00
,, 12 ,,	17.43

Sawn Timber.

		Gold Marks.
France:		
Squared timber		49
Planks		48
Deals		46
Rafters		39.40
Battens		48.50
Boards		47.20
Roof boarding loose		45.70
Roof boarding in bundles		48.70
Parquet boarding		69
Oak parquet boarding		135.78
Italy—Sawn resinous timber:		
Planks 8/20—10/20		46.15
Beams (small)	10 × 12	38.63
	10 × 14	
	12 × 16	
Wrought boarding from 10 to 17 cms. wide	10 m/m thick	46.15
	14 „	45.10
	18 „	40.75
	24 „	39.70
	30 „	39.70
Wrought boarding from 18 to 40 cms. wide	10 m/m thick	52.55
	14 „	51.50
	18 „	50.45
	24 „	49.35
	30 „	47.20
	35 „	46.10
	40 „	
	50 „	
Joists of an average length of 5 m.	60 × 60	47
	70 × 70	
	80 × 80	
	100 × 100	
Joists of an average length of 4.50 m.	35 × 70	47
	40 × 80	
Wrought pinus sylvestris boards from 10 to 17 cms.	24 m/m.	46
	30 „	
Wrought pinus sylvestris boards from 18 to 40 cms. wide	24 m/m.	50.40
	30 „	
	50 „	
	60 „	
Belgium:		
Sawn resinous timber		72.20

Sawn Hard Woods.

Italy:	
Oak and ash	74.15
Belgium:	
Oak	117.38

Resinous Timber in Logs.

Italy:	
Class 1	35
Class 2	30
Class 3	27
Logs from 4 to 8 m. long	25

	GOLD MARKS.
HARD WOODS IN LOGS.	
Italy—Oak, English oak, ash	47
MINE PROPS.	
Belgium	24.88

APPENDIX XXXVII.

FINAL REPARTITION OF RIVER SHIPPING—ARBITRATOR'S AWARD.

A.—*Rhine.*

On January 8th, 1921, Mr. Walker D. Hines, Arbitrator for River Craft, decided that under Article 357 Germany must deliver to France 254,150 tons in barges and 23,760 registered H.P. in tugs, together with equipment from the ports of Rotterdam, Ruhrort, Cologne, Mannheim and Ludwigshafen.

The total amount of compensation due to Germany for these deliveries is fixed by the Arbitrator at a lump sum of 15,450,000 gold marks. It is entered to reparation account as delivery is made.

The deliveries, which were to have been completed by May 15th, 1921, have been carried out to the extent of at least 98 per cent. of the total value.

B.—*Elbe.*

By the award of June 14th, 1921, the Arbitrator decided that Germany must deliver to Czecho-Slovakia, under Article 339, barges, tugs, motor merchant boats and certain small equipment from the ports of the Elbe, the total value of which, amounting to 8,350,000 gold marks, is entered to reparation account as delivery is made. The deliveries were to have been completed by January 1st, 1922, and 92 per cent. has been carried out.

C.—*Oder.*

On July 6th, 1922, the Arbitrator decided that Germany must deliver from the Oder to Czecho-Slovakia 35,688 tons in barges and 5,669 H.P. in tugs, amounting to 1,833,000 gold marks, and to Poland 39,735 tons in barges and 4,903 H.P. in tugs, together with a site for a shipyard, amounting in all to 2,195,000 gold marks. These sums will be entered to reparation account as delivery is made. No delivery had been made up to the end of 1922.

D.—*Niemen.*

No award could be rendered for the repartition of the Niemen fleet, since the questions of the territorial limits in the basin of this river (Memel) were not settled until February 16th, 1923.

E.—*Danube.*

The award rendered by the Arbitrator on August 2nd, 1921, fixes Germany's share in the deliveries of the Danube fleet to be made to Czecho-Slovakia at 5,083 tons in barges.

The total amount entered to reparation account under this heading is 338,490 gold marks, in accordance with the Arbitrator's award. The deliveries have been completed.

APPENDIX XXXVIII.

CORRESPONDENCE BETWEEN THE GERMAN GOVERNMENT AND THE COMMITTEE OF GUARANTEES AT THE TIME OF THE COMMITTEE OF GUARANTEES' THIRD JOURNEY TO BERLIN.

A.—MEMORANDUM ON THE SUPERVISION TO BE EXERCISED BY THE COMMITTEE OF GUARANTEES ON THE PREVENTION OF THE FLIGHT OF CAPITAL AND ON THE STATISTICS TO BE COMPILED BY THE GERMAN GOVERNMENT.

COVERING LETTER.

Berlin, 18*th July*, 1922.

From the Committee of Guarantees,
To Dr. Wirth, Chancellor of the Reich, Berlin.

SIR,

In execution of the mandate entrusted to it by the Reparation Commission, and on the basis of the letters exchanged between the latter and the German Government on March 21st, and May 9th, 28th and 31st, 1922, the Committee of Guarantees has discussed with the German Delegates the measures to be adopted concerning the supervision of receipts, expenditure and the floating debt and the prevention of the flight of capital, and also the questions relating to the publication of statistics.

The enclosed Memorandum, the terms of which have been discussed between the German Delegates and the Committee of Guarantees, sets forth the result of these discussions.

The Committee of Guarantees requests the German Government to confirm its agreement to the provisions contained in this Memorandum, and to state that it will take all necessary steps to ensure their application.

We have the honour to be, etc., etc.

Signed: MAUCLÈRE.
BEMELMANS.
B. A. KEMBALL-COOK.
D'AMELIO.

MEMORANDUM.

Berlin, July 18*th*, 1922.

A.—SUPERVISION.

The supervision to be exercised by the Committee of Guarantees in the name of the Reparation Commission, is based on the correspondence exchanged between the Reparation Commission and the German Government (R. C., March 21st† and May 31st,‡ German Government May 9th§ and 28th.‖

† *See* Official Documents relative to the Amount of Payments to be effected by Germany under Reparations Account, London, H.M. Stationery Office, 1922, page 118.
‡ *Ibid.* page 140. § *Ibid.* page 128. ‖ *Ibid.* page 129.

I.

Receipts and Expenditure.

I.—Two members of the permanent Delegation of the Committee of Guarantees shall be specially accredited to the Reichsfinanzministerium as Delegates of the Committee; one of these members shall deal in particular with the receipts of the Reich; the other with the expenditure.

II.—Each of these Delegates shall be more particularly in liaison with the competent Secretary of State (Staatssekretar) of the Reichsfinanzministerium.

The Secretaries of State shall put these Delegates and their representatives into touch with all the Heads of Departments (Abteilungen) whose collaboration may be necessary for the execution of their mission.

III.—The German Government shall, on its own initiative and through the intermediary of these Delegates, communicate the following documents to the Committee of Guarantees:

(*a*) The draft budget of the Reich for the next fiscal year. This draft shall be communicated at the same time as to the Reichsrat.

(*b*) All projected legislation of a fiscal nature. These bills shall be communicated at the same time as to the Reichsrat.

(*c*) Any request for credit supplementary to the credits provided for in the budget and which the Government of the Reich intends to submit to the Reichstag during the fiscal year. These requests shall be communicated at the same time as to the Reichsrat.

(*d*) All decisions of the Minister of Finance granting to any Ministerial Department whatsoever a credit supplementary to the credit provided for in the budget of the current year. This communication shall be made in the form of a monthly table. Supplementary credits of less than 500,000 paper marks need not be indicated under note (Kapital) and sub-head (Titel) but their total shall be given for each of the XX parts of the budget.

If, however, during the course of one or more months various supplementary credits of less than 500,000 paper marks granted for the same sub-head of the budget reach a total of 500,000 paper marks or more, the total, together with indications of the vote and sub-head should be entered in the monthly table referring to the month during which the total of 500,000 paper marks or more was attained.

(*e*) A copy of the monthly statements (monatliche Kassenabschlüsse) transmitted by each Ministerial service (Zentralbehörde) to the Ministry of Finance and indicating for each Vote of the budget:

1. The amount of expenditure incurred on account of the credits contained under this Vote during the previous month;

2. The amount of the expenditure incurred on account of the credits contained under this Vote since the beginning of the fiscal year.

(*f*) At fixed and regular intervals, a report on the results obtained by the Economy Commissioner (Ersparniskommissar) whose appointment has recently been decided upon by the Government of the Reich. As soon as the work of the Economy Commissioner has been organised, the above mentioned fixed and regular intervals shall be determined in accord with the German Government.

(*g*) At the same time as the document is communicated to the Landesfinanzämter, a copy of any regulation laying down the general methods to be employed in the assessment and collection of each of the taxes, or amending existing regulations. The Reichsfinanzministerium shall also place at the disposal of the accredited officials of the Committee of Guarantees, for reference at the Reichsfinanzministerium any of the circulars sent to the Landesfinanzämter which are of a nature to effect the receipts or the accounting arrangements therefor.

(*h*) The periodical statements, a list of which is appended, and in regard to which the Delegates may require any explanations which they deem necessary.*

IV.—The Delegates and their representatives acting in permanent contact with the competent services of the Reichsfinanzministerium (see Article II)† shall gather all the information necessary to enable the Committee to examine, in full knowledge of the facts:

Any projected legislation of a fiscal nature.

All fiscal estimates.

Any proposals for expenditure included in the draft budget or in excess of that in the budget transmitted officially to the Committee of Guarantees, under the conditions mentioned above.

V. The Delegates shall also be informed of the measures which the central administration proposes to adopt in order to ensure the proper working of the fiscal laws and of the consequent accounting arrangements.

VI. The Delegates or their representatives shall be specially charged with the following duties:

(*a*) To satisfy themselves that no payments are made in excess of the credits provided for in the current budget, without the special authorisation of the competent authority.

(*b*) To satisfy themselves as to the actual state of the work of assessment, as to the regularity with which the books of accounts are kept, and as to the manner in which statistics are compiled.

(*c*) To inform themselves of the causes for any delays which may occur in the assessment or collection of the taxes.

(*d*) To take account of the activity displayed by the officials charged with the assessment in the application of the measures of verification prescribed by law, and by those charged with the collection of taxes in the application of the measures of coercion placed by law at the disposal of the administration.

VII.—In so far as it may concern them, the Delegates shall also be informed of the work done and results obtained by the Buch-und-Betriebsprüfungsdienst. To this end, they shall be informed of the scope and direction of the work of the inspectors attached to this Service, and of the result of their operations in so far as these may concern the work of the Delegates.

VIII.—The Committee of Guarantees has taken note of the undertaking given by the German Government to form at an early date a corps of travelling inspectors attached to the Reichsfinanzministerium for the purpose of inspecting the offices subordinate thereto. The contents of the reports of the travelling inspectors in so far as they concern the mission of the Committee of Guarantees, shall be communicated to its Delegates.

From time to time, on making the request, the Delegates or their representatives will have the power to accompany the inspectors of this corps for the purpose of undertaking random tests.

In making such tests the officers of the Committee of Guarantees shall bear in mind the necessity of not disturbing the work of the administration and of respecting the secrecy of the fortune and of the private affairs of the taxpayers.

The Delegates may, if necessary and in agreement with the competent Secretary of State, designate the Offices where such tests shall be made. In the case of any objection on the part of the Secretary of State, the reasons shall be submitted to the Committee of Guarantees in writing.

The corps of inspectors mentioned above shall have commenced its work by November 1, 1922.

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* *See* Sub-Annex I. page 272. † *See* above.

II.

Floating Debt.

The Committee of Guarantees was also charged with the duty of taking such measures as would enable it at any moment to know the exact figure of the floating debt and to take account of the means of payment employed by the Ministry of Finance to cover its expenditure.

For this purpose, one of the Delegates referred to in Article I of Chapter I of the present memorandum, or one of their representatives, shall be specially accredited to the Ministry of Finance by the German Government.

The Ministry of Finance shall communicate to this officer copies of the statements drawn up by it, in regard to the public receipts and expenditure as shown in the attached list.*

Furthermore, the Ministry of Finance shall furnish, as a supplement to the ten-day statements† detailed information on the composition of the floating debt; indicating the rate of interest, the currency and the duration, and showing separately the bills with maturities of 3, 6, 9 or 12 months, as well as those exceeding one year.

The Ministry of Finance shall furnish the above-mentioned officer with all the explanations which he may require in regard to the statements communicated to him, and shall afford him facilities for verifying their accuracy.

B.—PREVENTION OF THE FLIGHT OF CAPITAL.

In fulfilment of the promise of the German Government contained in its letter of May 28, 1922,‡ the German Delegates discussed with the Committee of Guarantees the problem of preventing the flight of capital; as a programme of the measures to be taken they communicated a draft Bill intended to supplement the German laws now in force, and a draft of the instructions in regard to its application. It is understood that the German Government will take the necessary steps to secure that these measures, in the form thus settled and reproduced herewith, shall come into force in the course of the present year.

* * * * * * * * *

At the recent interviews of the Sub-Committee on Receipts and the Sub-Commission on the Flight of Capital with the German Delegates, the latter repeatedly referred to the Department for the Supervision of Accounts and Undertakings (Buch-und-Betriebsprüfungsdienst).

On several occasions, and in particular, when it was pointed out that even with the new measures proposed for the prevention of the flight of capital, the manœuvres which it was intended to prevent could still occur, they replied that it was sufficient to give a legal basis to this reform, since contraventions could always be detected by the officials of this service in auditing the books of the parties concerned.

Thus, the measures determined between the German Government and the Committee of Guarantees will give the anticipated results only if a proper supervision is exercised by the inspectors of this Department.

It will therefore be necessary for the Delegation of the Committee of Guarantees to keep permanently in touch with the said Department. This will be ensured by the following means:

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* *See* Sub-Annex II, page 273. † *See* Sub-Annex II, No. 2, page 273.
‡ *See* Official Documents, *Op. cit.*, page 232.

The officials of the permanent Delegation of the Committee of Guarantees who are entrusted respectively with the control of the verification of export statistics and the prevention of the flight of capital will be accredited to the Commonwealth Ministry of Finance and will be specially in touch with the Secretary of State in charge of the supervision of accounts and undertakings, with a view to obtaining the collaboration of this Department.

These delegates will be informed of the scope of the work done by the inspectors attached to the Buch-und-Betriebsprüfungsdienst and will be notified of the result of the operations of the latter in so far as it may interest their sections. If the delegates ask for information, the required information will be given, but secrecy will be preserved as to individual fortunes and private business.

The conditions of this collaboration will be set forth in detail in the notes to be addressed to the Committee of Guarantees by the Commonwealth Ministry of Finance.

C.—STATISTICS.

Having taken note of the memorandum transmitted by the German Government on June 14th last on the drawing up and publication of economic and financial statistics, and also of the report submitted by its Sub-Committee on Statistics after the conversations held with the German experts, the Committee of Guarantees is in a position to sum up as follows the measures which should be taken for the fulfilment of the wishes expressed by the Reparation Commission.

1. *Foreign trade statistics.*

The monthly statistics on imports and exports will be supplemented quarterly by a publication showing the trade of Germany with the twelve foreign countries which, in 1921, were most closely connected with Germany commercially. The headings adopted in this publication may be less elaborate than in the monthly statements. As a rule, the figures will be tabulated according to the categories and sub-categories of the customs schedule and will show separately the most important classes of goods, the list of which will be drawn up after agreement with the Delegate of the Committee of Guarantees and the Head of the Commonwealth Bureau of Statistics.

With a view to furnishing the Committee of Guarantees with reliable data as to the distribution of German trade between the various countries for a recent period of one year, the Bureau of Statistics will draw a statement showing the weights and values of exports to the 8 principal countries during the period from May 1st, 1921, to April 30th, 1922, no figures being available for the calendar year 1921.

The Commonwealth Bureau of Statistics will send monthly to the Delegation of the Committee of Guarantees a statement of exports, distinguishing the exports invoiced in foreign currencies and those invoiced in marks.

2. *Statistics on transport and navigation.*

The statistics of transport by rail and water, and those of sea traffic, will be published regularly in the same form and at the same intervals as before the war, in accordance with the declaration of the Head of the Bureau of Statistics.

3. *Statistics on production.*

The German Government will consider the publication periodically, for instance, every three months, of statistics of the metallurgic production. It will also take measures to ensure that the annual statistics on the output of the metallurgic industries are published more promptly than hitherto.

The Committee hopes that it can count on the collaboration of the German Government for the preparation of other statistics on production, or for any enquiries which it may be asked to carry out.

4. *Statistics on finance.*

The German Government will take all the necessary steps to the end that the statistics in connection with the assessment and returns from the principal taxes may be communicated to the Committee as promptly as possible. In particular, the statistics relating to the income tax will be drawn up without delay and for as recent a period as possible.

In accordance with the agreement between the Sub-Committee on Statistics the German Government will send the Committee of Guarantees a statement covering the first half of 1922 and showing for the principal categories of imports the amount in gold marks of the customs duties, calculated by applying to the quantities of goods imported the rate set down in the customs schedule. The Committee reserves the right to request the German Government to furnish a statement of this kind at regular intervals in the future.

Sub-Annex I.

LIST OF PERIODICAL STATEMENTS MENTIONED IN ARTICLE III OF CHAPTER I.

(RECEIPTS AND EXPENDITURE.)*

1. Monthly tables will be communicated showing the state of the assessment of the Income Tax and Corporation Tax.

2. Statements showing the receipts from the Income Tax and the Turnover Tax subdivided according to the fiscal year to which they relate (assessment years), 1920, 1921, 1922, and the following years, will be communicated as soon as the assessment is sufficiently advanced to make their preparation technically possible, and when the general state of the work in the Finance Services will permit of their preparation without compromising the principles of sound administration. During the present transitional period a monthly statement will be prepared and communicated showing approximately the distribution between the various financial years in question, of the total receipts from the Income Tax and from the Turnover Tax.

3. Detailed monthly tables will be transmitted from January, 1923, onwards showing the Income Tax receipts in respect of deductions from salaries and wages indicating separately the amounts realised by the affixing of stamps and those obtained by direct payments from the employers. Up to this date the monthly table will be based on estimates taken from the reports of the Landesfinanzämter.

4. In regard to the Turnover Tax there shall be submitted, beginning with October, 1922, quarterly statements showing the number of taxpayers and the number of provisional declarations received. Oral information regarding the sum collected by the Treasury as the result of the provisional declarations shall be furnished at any time according to estimates taken from the report of the Landesfinanzämter. Oral information based on reports furnished by the Landesfinanzämter shall also be given as to the general progress made as to the results of the issue of reminders.

5. An endeavour will be made to draw up before the end of the year provisional statistics showing the various categories of incomes for the fiscal (assessment) year of 1921 (incomes of more than 50,000 to be divided into about five groups).

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* *See* page 268.

Sub-Annex II.

LIST OF STATEMENTS IN REGARD TO THE SUPERVISION OF THE FLOATING DEBT, TO BE SUPPLIED BY THE MINISTRY OF FINANCE.

1. Daily statement of the amount of the floating debt.
2. Statement rendered every ten days concerning the Commonwealth finances, together with a report on the floating debt.
3. Monthly statements of the Commonwealth receipts from taxes, customs and dues, from the postal and telegraph services and from the railway administration.

Monthly statements of the floating debt.

4. Three quarterly statements per year, beginning with the second quarter, of the receipts and expenditure of the Commonwealth Budget.
5. Final and definitive statement of the receipts and expenditure of the Commonwealth Budget, according to the annual audited account of the Reichshauptkasse.

B.—PROROGATION OF ARRANGEMENTS RELATIVE TO THE SUPERVISION OVER EXPORT STATISTICS, THE COLLECTION OF CUSTOMS DUTIES, EXPORT DUES AND THE LEVY TO BE MADE ON FOREIGN CURRENCY OBTAINED BY EXPORTERS THROUGH THE SALE OF GOODS ABROAD.

Berlin, July 18th, 1922.

From the Committee of Guarantees,
To Dr. Wirth, Chancellor of the Commonwealth, Berlin.

SIR,

The Memorandum* which the Committee of Guarantees has the honour to communicate to you under to-day's date contains the agreements concluded as a result of the discussions held with the German Delegates on the supervision of receipts, expenditure and the floating debt.

These arrangements in no way modify those already concluded between the German Government and the Committee of Guarantees concerning the supervision to be exercised by the latter over the export statistics, the collection of customs duties and the export dues and the levy to be made on foreign currency obtained by exports through the sale of goods abroad.

The Committee of Guarantees requests the German Government to signify its agreement on this point.

We have the honour to be, etc.

Signed: MAUCLÈRE.
BEMELMANS.
B. A. KEMBALL-COOK.
D'AMELIO.

C.—OFFICIAL TRANSLATION OF THE BILL ON THE FLIGHT OF CAPITAL.

July, 1922.

From the Committee of Guarantees,
To Dr. Wirth, Chancellor of the Commonwealth, Berlin.

SIR,

The Committee of Guarantees has the honour to enclose herewith a Memorandum† one part of which deals with the measures to be adopted to prevent the flight of capital. This part includes the German text of a bill completing the German legislation on the flight of capital and of a list of instructions to be issued for the application of these provisions.

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* *See* page 267. † *See* page 274.

In order to avoid future divergencies of interpretation, a French translation has been made of both German texts, the terms of which were drawn up by common agreement between the German Delegates and the Committee of Guarantees, an English copy of which is enclosed herewith.

The Committee of Guarantees request the German Government to confirm this agreement.

We have the honour to be, etc.

Signed: MAUCLÈRE.
BEMELMANS.
B. A. KEMBALL-COOK.
D'AMELIO.

(*Original text in German.*)

SCHEDULE OF THE MEASURES TO BE TAKEN TO COMPLETE THE GERMAN LEGISLATION AGAINST THE FLIGHT OF CAPITAL.

I.

Banks may execute the commissions mentioned in Article I, paragraph 2 of the law for the prevention of the flight of capital of (December 24, 1920 [Reichsgesetzblatt 21 P. 33]) / (March 22, 1922 [Reichsgesetzblatt 22 P. 282]) only if the declaration which has to be presented by the principal is furnished with a mark showing the approval of his competent Finance Office.

The visa of the Finance Office is not required if the Commission has been given by persons or groups of persons to whom a certificate has been issued by the competent Chamber of Commerce stating that their particular business regularly involves transactions which necessitate payments being made abroad. Exemption from the visa of the Finance Office shall however in this case be valid only for payments which are made within the regular sphere of business of the persons or groups of persons to whom the certificate has been issued. The provisions of Article 3 of the law on foreign instruments of payment of February 3, 1922 (Reichsgesetzblatt P. 195) shall apply to these certificates *mutatis mutandis*. The chief provincial authority will give instructions to the Chamber of Commerce as to the issue and withdrawal of the certificate. Withdrawal may be ordered by the chief provincial authority if misuse of the certificate can be proved.

In the case mentioned in paragraph 2; the certificate of the Chamber of Commerce must be submitted to the Bank entrusted with the commission in the original or in an officially certified copy. The Bank must acknowledge the submission of the certificate by affixing the words "Certificate of the Chamber of Commerce noted" on the declaration to be submitted under Article 2, paragraph 1, of the law for the prevention of the flight of capital.

II.

The provisions of Article I do not apply to the cases mentioned in Article 6, points 1, 3, 4, and 6 of the law for the prevention of the flight of capital.

III.

If a part or all of a payment for an exported article is left abroad to the detriment of German finance, and intentionally withheld from the national economic system, the competent authorities may prohibit all further exportation of goods by the exporter in question, and he shall not be allowed to export even such goods as are not included in the general ban on exports

without special permission from the departments specified as competent. The granting of this authorisation may be made subject to the fulfilment of certain conditions.

IV.

In the case of infringements of its decisions, taken under the terms of Article III, the competent authority will exact fines from the delinquents, the sum of which may equal the total value of the goods forming the subject of the dispute.

V.

The delinquent so fined shall have the right to lodge before the Commonwealth Tribunal for Economic Affairs (Reichswirtschaftsgericht) an appeal against the decision (Article III) of the competent authority or against the imposition of a fine (Article IV).

The appeal can have a suspensary effect only as regards the imposition of a fine. In the case of other decisions adopted by the competent authority, the Commonwealth Tribunal for Economic Affairs may, at the request of the interested party, order that the execution of the decision be postponed until a ruling has been given on the appeal.

The appeal may refer solely to the fact that the decision under consideration is based on an improper statement of the facts or that it constitutes a violation of legal regulations. An appeal against the imposition of a fine may also be based on the fact that the amount of the fine is out of proportion to the seriousness of the offence.

VI.

Any person wittingly violating the provisions of Article I shall be liable to imprisonment for not more than two years, or to a fine of not more than 1,000,000 marks, or both. He may further be deprived of his civic rights. Attempted violation shall be punished. If the securities forming the subject of the violation belong to one of the offenders or co-offenders, these securities shall be confiscated for the benefit of the Commonwealth.

VII.

Bankers, their official representatives, agents or employees who may, either willingly or through negligence, violate the provisions of Article I, shall be liable to a fine of not more than 100,000 marks.

The provisions of paragraphs 1 and 3 of Article 381 of the Commonwealth law on taxation of December 13, 1919, (Reichsgesetzblatt, 1919, p. 1993), shall be applied *mutatis mutandis*.

SCHEDULE OF THE MEASURES TO BE TAKEN WITH A VIEW TO THE APPLICATION OF LEGISLATION TO COMPLETE THE GERMAN LAW AGAINST THE FLIGHT OF CAPITAL.

1. The execution of the provisions of Article I of the "Schedule of Legislative Measures" (prevention of the flight of capital in the form of financial operations abroad (*Zahlungsverkehr*) is incumbent on the Finance Offices (Finanzämter); the execution of the provisions of Article III (prevention of the flight of capital by means of the exportation of goods) is incumbent on the authority to which the Commonwealth Minister of Economic Affairs shall entrust the matter.

2. The Finance Offices and the above-mentioned authority shall have at their disposal in the execution of their duties that Service of the Commonwealth Finance Administration which is entrusted with the supervision of accounts and undertakings (Buch-und-Betriebsprüfungsdienst), the agents of which shall receive special instructions in regard to the prevention of the flight of capital.

3. Whenever this Service may ascertain that improper use has been made of the certificate delivered by the Chamber of Commerce in accordance with paragraph 2 of Article I of the "Schedule of Legislative Measures," it shall report the matter at once to the Finance Office, and the latter shall decide whether it will prosecute. At the same time the Finance Office shall in all cases immediately report the case to the supreme authority of the province concerned, through the local Finance Office.

4. The above-mentioned authority shall determine whether the conditions prescribed for the withdrawal of the certificate delivered by the Chamber of Commerce are fulfilled. It may, in order to adopt its decision with full knowledge of the facts, order further enquiry. In case it orders the withdrawal of the certificate, its decision shall be final. When the decision is announced to the offender a copy shall at the same time be addressed to the Chamber of Commerce and the local Finance Office. The Chamber of Commerce shall confiscate the certificate, while the local Finance Office shall issue instructions to the offices of postal supervision (Postüberwachungstellen) to stop all foreign correspondence of the party concerned without a permit from the Finance Office.

5. If there is reason to suspect a flight of capital by means of the exportation of goods, in the meaning of Article III of the "Schedule of Legislative Measures," the authority designated by the Commonwealth Minister of Economic Affairs shall institute an enquiry. In order to justify such a suspicion it will be necessary to determine whether the exportation has left abroad the value of certain goods in such a way that German economy as a whole has derived no benefit from it. The intention will normally be assumed, in particular whenever the exporter cannot advance plausible economic reasons in justification of the transaction in question, or whenever the transaction has been concluded in suspicious circumstances, such for example as false invoices, false declarations or other fraudulent procedure. The application of these provisions must not hamper by inquisitorial measures honest and lawful trade with foreign countries.

In the enquiries and investigations the competent authority shall employ police agents and agents of the service of public security, in so far as the service of the supervision of accounts and undertakings may require such aid. In order to proceed to judicial measures (research, seizure, stoppage of correspondence and telegrams), application must be made to the competent tribunal or to some other authority competent to order such measures.

6. A decision on an order issued in accordance with Article III of the "Schedule of Legislative Measures" must be adopted after giving the party concerned an opportunity to be heard, and must be communicated to him. The latter shall be allowed two weeks from the date of this communication in which to appeal to the Commonwealth Tribunal for Economic Affairs. The appeal must be lodged with the authority which gave the decision.

7. The competent authority must take all necessary measures to ensure the execution of its order. To this end the order must be communicated immediately to the local Finance Office, which will communicate in turn with the customs offices, the offices of postal supervision and the service of supervision of accounts and undertakings. The latter service shall keep the offender under surveillance and shall in particular make sure that the order is not evaded by means of exportations under another name.

D.—Replies from the German Government.

(Original text in German.)

Berlin, July 21, 1922.

The Chancellor.

Sir,

With reference to the letter of July 18,* in which the Committee of Guarantees communicated the results of its conversations with the German Delegates concerning the supervision of receipts, expenditure and the floating debt demanded by the Reparation Commission, the measures to be adopted to prevent the flight of capital, and the publication of statistics, I have the honour to make the following communication:

While realising that the provisions laid down constitute a heavy burden for Germany, the German Government has decided to undertake the execution of these provisions for the duration of the moratorium. The German Government came to this decision after mature deliberation, and, in so doing, was guided by the fact that the provisions of this memorandum form a definite settlement of the questions dealt with in the letters exchanged between March 21 and June 14, while supplying a basis on which the Reparation Commission can adopt a decision with regard to the German Government's letter of July 12, taking into account the dangers of the present financial and economic situation of Germany, as explained in this Note of July 12. The German Government assumes that the provisions of the memorandum will be carried out in conformity with the spirit in which they have been drawn up and that the sovereignty of the Commonwealth will be left intact, that the regular working of the administration will not be interfered with and that secrecy will be observed with regard to the fortune and private affairs of the tax-payers.

As to the prevention of the flight of capital, the German Government wishes to point out the necessity of immediately carrying out the resolution adopted by the Supreme Council of the Allied Powers on August 13, 1921. The Committee of Guarantees is requested to make representations to this effect.

I have the honour to be, etc.

Signed: Wirth.

Der Vorsitzende der Deutschen Kriegslastenkommission.

Berlin, July 18, 1922.

(Original text in German. Official translation supplied by the German Government.)

From the Chairman of the Kriegslastenkommission,
To the Chairman of the Committee of Guarantees.

Sir,

On behalf of the German Government I have the honour to acknowledge the receipt of your letter of even date.† The German Government has noted the fact that the measures which have been proposed on the basis of the negotiations now brought to a close, with regard to the supervision of receipts, expenditure and the floating debt, shall in no wise affect the arrangements already concluded between the Committee of Guarantees and the German Government concerning the checking of export statistics, the collection of customs and export dues and the delivery, by right of priority, of currencies derived from exports.

I have the honour to be, etc.

Signed: Schroeder.

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* *See* page 278.

† *See* page 278.

Der Vorsitzende der Deutschen Kriegslastenkommission.

Berlin, July 18, 1922.

(*Original text in German. Official translation supplied by the German Government.*)

From the Chairman of the Kriegslastenkommission,
To the Chairman of the Committee of Guarantees.

SIR,

On behalf of the German Government, I have the honour to acknowledge the receipt of the letter of even date, in which the Committee of Guarantees transmitted the French translation:

(*a*) Of the "Richtlinien für Gesetzgeberische Massnahmen zur Ergänzung des deutschen Kapitalfluchtgesetzes."

(*b*) Of the "Leitsätze zu Ausführungsbestimmungen für ergänzende gesetzgeberische Massnahmen zum Kapitalfluchtgesetz."

The French translation accurately corresponds with the German text of the proposals submitted by the German Delegates in the course of the negotiations concerning the measures to be adopted with a view to preventing the flight of capital, as laid down in the memorandum transmitted by the Committee of Guarantees of even date.

I have the honour to be, etc.

Signed: SCHROEDER.

APPENDIX XXXIX.

LIST OF MEMBERS OF THE AUSTRIAN SECTION AT ITS INCEPTION.

UNITED STATES OF AMERICA:
Mr. C. B. Smith—Unofficial Representative.
Mr. P. Blair—Assistant Unofficial Representative.

UNITED KINGDOM OF GREAT BRITAIN AND IRELAND:
Sir William Goode, K.B.E.—Representative.
Dr. J. Nunan—Assistant Representative.

FRENCH REPUBLIC:
M. Klobukowski—Representative.
M. Charriaut—Assistant Representative.

KINGDOM OF ITALY:
Signor J. Scaramanga—Representative.
Signor G. Gencarelli—Assistant Representative.

KINGDOM OF GREECE:
M. Tsouderos—Representative.
M. Politis—Assistant Representative.

REPUBLIC OF POLAND:
M. J. Mrozowski—Representative.
M. de Sobolewski—Assistant Representative.

KINGDOM OF ROUMANIA:
Professor Neculcea—Representative.
M. Zeuceanu—Assistant Representative.

SERB-CROAT-SLOVENE KINGDOM:
Dr. Ploj—Representative.
Dr. Bessarovitch—Assistant Representative.

CZECHO-SLOVAK REPUBLIC:
Dr. Zahradnik—Representative.
M. Palier—Assistant Representative.

APPENDIX XL.

ADVANCES TO AUSTRIA.

I.

Pursuant to the powers conferred upon the Reparation Commission by Article 197 of the Treaty of Saint-Germain, the Austrian Government will be authorised, under the control and with the consent of the Austrian Section, according to the instructions of the Reparation Commission, to issue bearer bonds which shall be a first charge upon all the assets and revenues of Austria, indicated in Article 197 of the Treaty of Saint-Germain and shall have priority over costs of reparation under the Treaty of Saint-Germain, or under any treaty or agreement supplementary thereto, or under arrangements concluded between Austria and the Allied and Associated Powers during the Armistice signed on 3rd November, 1918, without prejudice to the obligations of Austria to pay the expenses of the Armies of Occupation, of the Reparation Commission and of restitution, and to make deliveries and payments in kind under the Treaty of Saint-Germain (except under Article 181 and paragraph 19 of Annex II of Part VIII) and under any protocols or agreements in force to the extent to which such deliveries may be required by the Reparation Commission or, in accordance with the provision of the said Treaty, protocols or agreements by an interested Power.

(*a*) A portion of the said bonds will be issued by the Austrian Government to the Governments of the Allied and Associated Powers and neutral Governments who have heretofore made advances of credits for purposes of relief to the Austrian Government since 3rd November, 1918, equivalent at their face value to the amount of such advances or credits provided that the lending Governments above referred to shall surrender any obligations or evidence of indebtedness, together with any Austrian assets or other forms of security therefore now held by them.

(*b*) Another portion of the bonds above referred to will be issued by the Austrian Government at their face value to the Governments of the Allied and Associated Powers and neutral Governments up to the amount of relief advances or credits to the Austrian Government now contemplated, if and when made.

(*c*) A further portion of the bonds above referred to, may be issued at par by the Austrian Government from time to time in consideration of any further or additional relief credits or advance, which may be agreed to by the Reparation Commission and to which a like priority to that now granted to the present credits may at any future time be accorded, after full discussion, by that Commission.

(*d*) The bonds above referred to shall be of the same series payable on 1st January, 1925, in the currency of the lending country (except in so far as loans have already been incurred, in other currencies), with interest at six per cent.

(*e*) The Austrian assets released, as specified in sub-paragraph (*a*) supra, will be controlled by the Austrian Section according to the instructions of the Reparation Commission, and on demand all Government monopolies, objects of art, and all the property of the late royal and imperial house being, or recently declared to be Government property, as well as any other liquid assets of the Austrian Government, shall be held or controlled by the Austrian Section, and, so far as available, shall be administered by it

for the purposes contemplated, and thereafter in the interests of reparation, at the same time assuring to Austria her main requirements of food, coal and raw material, as required by Article 181 of the Treaty of Saint-Germain according to the instructions of the Reparation Commission.

II.

The Austrian Government shall forthwith give an undertaking to the Austrian Section:

(a) To forbid the sale, transfer or disposal of any publicly-owned property, either State, provincial, or municipal, or even in the form of public concessions or monopolies without the approval of the Austrian Section, and to declare void, if the Austrian Section shall require, any such sales heretofore made since the Armistice on 3rd November, 1918.

(b) To pass such laws as may be proposed by the Austrian Section affecting the sale or other disposition outside Austria of all privately-owned property or other classes of property, even in the form of concessions or monopolies not enumerated in the preceding paragraph, but affecting the general reparation interests, and to amend or repeal such laws from time to time in accordance with the directions of the Austrian Section.

(c) To refrain in the future from entering into any agreement or arrangement permitting the delivery or removal out of Austria of any records, documents, objects, or material of the character specified in Section II of Part VIII of the Treaty of Saint-Germain without the specific consent and prior approval of the Austrian Section.

III.

The Austrian Section, according to the instructions of the Reparation Commission, to such extent, if any, as shall appear necessary or desirable shall supervise and control forthwith the collection and expenditure of all taxes, customs and revenues of the Austrian Government, and shall make recommendations to the Austrian Government, having in view the exercise of the strictest economy in the administration of its economic affairs.

IV.

The Austrian Section shall commence the study forthwith of the economic and financial conditions of Austria, and shall prepare comprehensive plans for her rehabilitation, to the end that the reparation contemplated by the Treaty of Saint-Germain may be forthcoming.(1)

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(1) At the request of the Austrian Government, the Austrian Section relinquished on the 29th September, 1920, their right of veto on the contracts passed by the State, provinces or communes, where the sums involved were below a certain maximum. In addition, they requested the Austrian Government to submit a list of all alienations carried out since the Armistice, and for which previous authorisation should have been obtained; and they undertook to notify to the Austrian Government, within three months of the date on which this list was submitted, any objections which they might wish to raise.

APPENDIX XLI.

OBLIGATION FOR AUSTRIA.

(Relief Series B of 1920.)

OBLIGATION OF THE GOVERNMENT OF

RELIEF SERIES B OF 1920, *No.*

The Government of for value received, promises to pay to the Government of , or assigns, on the day of , 192 , the principal sum of on which interest will be paid half-yearly at the rate of six per cent. (6 %) per annum from date of this obligation to the date of payment. Both the principal and the interest of this obligation will be paid

The principal and interest of this obligation will be paid without deduction for and will be exempt from any and all tax or charge, present and future, imposed by authority of the Government of or its possessions, or by any political or taxing authority within the

This obligation is one of a series of obligations of similar tenor but in different amounts and payable in different currencies, all maturing on the day of 192 , designated as "Relief Series B of 1920."

The Government of agrees that no payment will be made upon or in respect of any of the obligations of said Series issued by the Government of before, at or after, maturity, whether for principal or for interest, unless a similar payment shall simultaneously be made upon all obligations of the said Series issued by the Government of in proportion to the respective obligations of said Series.

Pursuant to the powers conferred upon it, the Reparation Commission has authorised the Austrian Government, under the control of the Austrian Section of the Reparation Commission, to issue the present series of bonds, which shall be a first charge upon all the assets and revenues of Austria, and shall have a priority over costs of reparation under the Treaty of Saint-Germain, or under any treaty or agreement supplementary thereto, or under arrangements concluded between Austria and the Allied and Associated Powers during the Armistice signed on 3rd November, 1918, without prejudice to the *obligations of Austria to pay the expenses of the Armies of Occupation, of the Reparation Commission and of restitution, and to make deliveries and payments in kind under the Treaty of Saint-Germain (except under Article* 181, *and Paragraph* 19 *of Annex II of Part VIII) and under any protocols or agreements in force to the extent to which such deliveries may be required by the Reparation Commission or, in accordance with the provision of the said Treaty, protocols, or agreements, by an interested Power.*

Signed for the Austrian Government:

Countersigned for the Austrian Section
of the Reparation Commission.

APPENDIX XLII.

PROPOSALS MADE BY THE AUSTRIAN SECTION.

Loan.

The Austrian Section unanimously proposes:

1. A loan to Austria on the following conditions:
   (*a*) The loan to be for a total amount of 250 million dollars, to be distributed as follows:

	Millions of dollars.
In the first year	80
In the second year	70
In the third year	40
In the fourth year	40
In the fifth year	20

   (*b*) In the event of a Government loan being granted, the interest not to exceed 6 per cent.; payment of interest not to commence until after the fifth year; in the event of a loan subscribed by private capital, the interest to be at the lowest available rate at the time of issue.
   (*c*) Amortisation to commence after 10 years from the date of issue. Repayments to be distributed over 25 annual instalments.
   (*d*) The loan to be issued and the interest to be paid in the currencies of the lending countries based on the relative value of the dollar.

2. The loan to be a money, and not a commodity loan.

Control.

3. The loan to be contingent upon the establishment of a control of Austrian public finance; the extent and the terms of this control to be determined by an agreement between the lending and guaranteeing Governments and the Reparation Commission.

4. In fixing the lines and the method of execution of the control, account to be taken of the clauses of the Treaty of St. Germain, of the rights and powers attributed by this Treaty to the Reparation Commission and the Austrian Section and also of the interests of the lending or guaranteeing Governments.

Subscription of the Loan.

5. The loan to be provided in one of the following ways: either—
   (*a*) By the Governments signatory to the Treaty of St. Germain or by these Governments with the co-operation of other Governments willing to participate; or
   (*b*) By appealing to private capital by way of a loan guaranteed by the Signatory Governments or such other Governments as are prepared to assume that responsibility; or
   (*c*) By the combination of sub-paragraphs (*a*) and (*b*) on such lines as may be agreed by the Signatory or other participating Governments; or
   (*d*) By appealing to private capital in the principal financial centres to participate in foreign loan to Austria guaranteed jointly and severally by the Governments signatory to the Treaty of St. Germain or by all other Governments who might be prepared to participate. The loan to be issued in accordance with the terms made by the Governments guaranteeing the loan.

Security for the Loan.

6. The loan to enjoy a first charge over all the property and resources of Austria on the same footing as the advances already granted to Austria, subject to the consent of all Governments interested either under the Treaty of St. Germain or under the Note "Advances to Austria."

Bank of Issue.

7. (*a*) A Privileged Bank of Issue to be founded with the least possible delay, which, in addition to aiding the economic recovery of Austria, would greatly facilitate the liquidation of the old Austro-Hungarian Bank.

(*b*) This Bank to proceed to operations within the scope of an issuing bank, but not to issue a new currency to replace the currency now in circulation until some measure of equilibrium in the Budget has been attained and a certain improvement of the Austrian exchange realised, it being understood that, in view of the contemplated loans, the Austrian Government will be in no necessity for further issue of bank notes.

(*c*) The capital of this bank to be, in so far as possible, provided by private capital, it being also desirable that the capitalists who are to establish this Bank undertake to subscribe to a certain degree to the loan to be issued in accordance with the terms of paragraph 5.

Funding of Debt.

8. The Austrian Foreign Debt and the Debt of the City of Vienna to be funded.

Raw Materials.

9. Further credits to be obtained for raw materials through the International Committee for Relief Credits.

Internal Loan.

10. An internal loan to be raised, guaranteed by the Entente, the proceeds of the Capital Levy to be security for such loan.

Coal.

11. Austria to be assured of an additional 200,000 tons of coal and coke monthly.

12. The exploitation of Austria's own coal mines to be encouraged by Government guarantee for capital invested in new enterprises.

13. The production of coal and substitutes for coal to be developed and their use economised.

Water Power.

14. Efforts to be concentrated upon developing the application of Austrian water power primarily for industry and secondarily for the electrification of railways.

15. The Allied and Associated Governments to be asked to encourage the participation of private capital in an international group for this purpose. With this group should be associated Austrian capital and Austrian industrial enterprise.

16. The Austrian Government to be recommended to provide subsidies for water power enterprises somewhat on the lines adopted by Italy and to give substantial operating concessions.

Customs Tariff.

17. A transitory Customs tariff to be suggested as follows: Food, raw materials, half-finished goods to be worked up for re-export, and goods with which home manufacturers can compete to be admitted free; duties on other manufactures not to exceed, say, 20 per cent. of their value.

Special duties to be imposed on articles of excise. Special provisions to be taken in connection with monopolies such as salt, tobacco, saccharine. All permits to be abolished except for the export of food. No export duties to be charged. The Devisen-Zentral to be abolished or to be re-organised on commercial lines. Passport formalities to be minimised.

(H. E. Dr. Zahradnik (Czecho-Slovakia) reserved his opinion on this Decision pending advices from his Government.)

Potatoes.

18. A credit for £2,500,000 to be obtained for importing 200,000 tons of seed potatoes estimated to increase Austrian potato production from 600,000 to 1,000,000 tons, thereby providing full human ration and a 40 per cent. addition for animal feeding. Imported seed potatoes not be be sold, but to be exchanged in equal quantities for old seed potatoes, which would be sold by the Government for human consumption.

19. The Austrian Government to be requested to remove all price and distribution restrictions from the 1921 potato crop.

Cereals.

20. The Austrian Government to be urged to guarantee minimum prices for home produced cereals for a period of three or four years, such prices to insure to the Austrian farmer a return which would be fair as compared with the prices ruling in adjacent countries.

21. The Austrian Government to be urged to take all possible steps to restore to cereal cultivation the 200,000 hectares which were in bread-stuffs in 1913.

Sugar.

22. The cultivation of beet for sugar, which has decreased by 73 per cent. since 1913, to be increased by requesting the Austrian Government to abolish their present price policy and substitute a price policy based on an agreed minimum. (If the world market price at the time of delivery were above the minimum, the actual price would be arrived at by splitting the difference between the agreed price and the world market price.) Coal and fertilizers initially to be advanced by the Government and to be repaid by deliveries of sugar over a period of years.

Milk.

23. The Austrian Government to be urged to arrange to send cows from Tyrol and Vorarlberg to Vienna in order to improve the milk supply. Fodder to be provided for Tyrol and Vorarlberg to obviate the slaughter of milch cows. Cultivation of fodder in those provinces to be organised on more scientific lines. Further to improve the milk supply, only bull calves shall be slaughtered unless fodder is not available.

Maximum Prices.

24. Wherever the Austrian Government may retain maximum prices, the Government to be urged also to fix the prices of the co-related subsidiary foodstuffs, and the Section closely to supervise all food price regulations.

Food Economies.

25. Food economy restrictions to be stringently enforced.

Administrative Economies.

26. The Austrian Government to be requested to appoint a non-partisan Budget Commission to which two members or representatives of the Section be attached as councillors. A special Sub-Commission to be appointed to deal with the railways. A similar non-partisan Commission to be appointed by the Government to examine Austrian provincial and municipal Budgets, particularly Vienna. (These Commissions to determine exactly what economies can be effected in all branches of the Government service and to re-arrange railway rates, postal and other Government, provincial and municipal charges with a view to the revenues of these undertakings covering the costs of the services.)

27. In the event of a large number of State officials being found superfluous, to point out to the Austrian Government that it might be possible to provide for them by means of grants of land or by State-aided emigration.

Military Reductions.

28. To recommend to the Austrian Government not to avail itself to the full extent of the right conferred upon it by the Treaty of St. Germain to maintain an army of 30,000, and to suggest on grounds of economy that the Government reduce this force to a number not exceeding 5,000.

Monopolies.

29. The administration of certain monopolies, such as salt and tobacco, at present operated under the Government, and of State undertakings, such as forests and factories, to be entrusted to private enterprise on a basis of the division of profits, subject to the following reservations:

(*a*) Monopolies and State undertakings to remain the exclusive property of the State.

(*b*) No diminution of the assets of the State, as they are contemplated under the Treaty of Saint-Germain, to result from such purely administrative re-organisation.

(*c*) The conditions of the control in regard to the working of all monopolies and State undertakings to receive the approval of the Austrian Section of the Reparation Commission.

Labour.

It is the opinion of the Section that—

30. (*a*) Unless the price of the fundamental necessities of life decreases in the near future, an increase in the present level of wages is probably inevitable on account of the increased cost of living and the depreciation of the crown.

(*b*) The necessity for a common-sense interpretation by organised labour of the Eight-Hours Day Law.

(*c*) Trade unions to be prepared to absorb discharged and out-of-work Viennese without distinction between members and non-members of the trade unions.

(*d*) The necessity for demobilisation of women employed in consequence of the War in order to provide employment for ex-soldiers.

Note.—The Austrian Section has taken, or will take, action on its own initiative in relation to Paragraphs 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 30.

APPENDIX XLIII.

CONCLUSIONS OF THE REPORT BY THE AUSTRIAN SECTION ON THE PARTICIPATION OF AUSTRIA IN THE INTERNATIONAL CREDITS SCHEME (TER MEULEN PLAN).

In spite of the restricted scope, the drawbacks and the difficulties of application of the International Credits Scheme, Austria could not reject the application of a system which, if not befitting the seriousness of its present situation, might nevertheless afford an increase of credit. It must first of all be investigated, however, whether the scheme in question cannot be so modified by the Economic Council of the League of Nations, with a view to application in Austria, as to enable it at the same time to take the place of the long-term credits to be granted to this country, as hitherto planned by the Austrian Section.

Thus it would be possible, while respecting the recent decision of the Supreme Council, to render efficacious assistance to Austria.

Let us endeavour to sum up the results of the application of the ter Meulen Scheme in Austria, as hitherto estimated. Two entirely different cases must be considered:

(*a*) The Government will lend its bonds to its nationals in order to facilitate the obtention of import credits. These credits, which must be used for the importation of raw materials destined for the production of fresh wealth, will be reimbursed in the normal manner and without difficulty, and a net profit will remain for the country.

There is no need here for explanations. Reference to the estimates and the reservations made in Article 3 will suffice.

It should, however, be observed, in connection with the case shown under (*a*), that the interested individual party would ultimately receive from this Government the bonds required as security for the credit to be obtained only after a somewhat complicated system of procedure. A necessarily prolonged period must elapse before the Government could grant him these bonds, for it would be compelled to apply to the International Commission previously so as to obtain the consent and the signature of the said Commission.

These complications obviously curtail the practical scope of this scheme, for, as a rule, commercial transactions require fairly expeditious handling.

To remedy this drawback, the scheme might be modified; for instance, each Government might be authorised to issue a fixed number of bonds and to make use of these at its own responsibility, at the same time taking into account the principles laid down for their utilisation.

(*b*) The Government will use its bonds to obtain import credits for itself, and this will certainly represent the most extensive use made of the credits. As the Government imports consist almost exclusively of food products intended for home consumption and sold at a loss, the credits obtained will for the most part be utilised as a sinking fund, and the Government will not derive from the utilisation of the said credits the funds required to reimburse them.

In these conditions, when the bill falls due, the Government will find itself reduced to the alternative either of issuing new notes in order to purchase the bills required for reimbursement, or of failing to discharge its commercial obligations, and, in that event, the bonds issued by it, which served as a lien, will be reimbursed by means of the revenue from the guarantees granted, which arrangement, by diminishing its normal resources, will force it, sooner or later, to make good the deficit in its Budget by printing fresh issues of notes.

Thus, as regards case (*b*), which is, moreover, of far greater interest for Austria, the ter Meulen Scheme will not help to solve the financial and currency question as already stated in Article 4.

The scheme must therefore be modified to meet the special case of Austria if it is used for imports brought in by the Government itself. This modification, which should consist in prolonging as far as possible the date of maturity of the import credits granted to the Government, so that the said import credits may serve to replace the long-term credits which the Section has hitherto asked for on behalf of Austria, does not appear impossible of realisation.

The desired result might be reached, for instance, if the stipulation was made that, as far as Austria is concerned, the Government bills for the purchase of food products might be extended several times, if not paid on the date of maturity, and that the bonds issued by the Austrian Government as cover for its bills, and secured by international guarantee, should not be redeemable before the lapse of a certain number of years.

The duration of this delay, as also the other forms to be adopted regarding the bonds in question (interest, etc.), might be fixed for each individual party in agreement with the exporters, the Austrian Government and the International Commission. These forms will, of course, vary with the conditions of the world market and the Austrian markets, and this will constitute an appreciable advantage. Another advantage would be that the Austrian Government could not use the new credits for useless or unnecessary expenses, as the issue of its bonds would be conditional on the previous authorisation of the Commission.

It is obvious that the adoption of such an amendment must be preceded by negotiations with the exporters, and more especially with the foreign banks, with the object of ascertaining whether they would in principle be willing to receive and to advance money on the Austrian Government's bills and to accept its secured bonds as guarantees. This should be the object of the negotiations to be instituted forthwith by the Economic Council of the League of Nations in execution of the decision of the Supreme Council.

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